



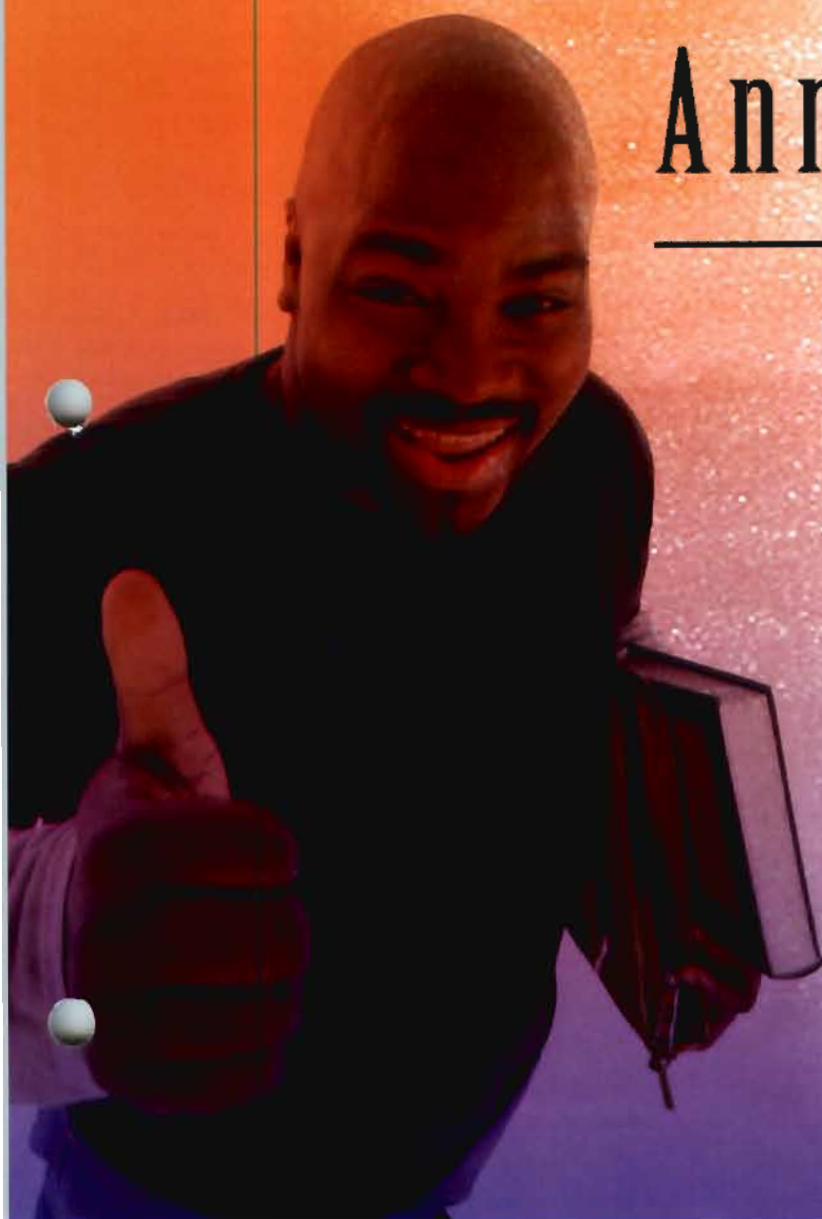
ENDUMENI MUNICIPALITY

Annual Report

2008/2009

Chapter 6

Auditor
General's
Report



2

**REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL
LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION OF ENDUMENI MUNICIPALITY FOR THE
YEAR ENDED 30 JUNE 2009**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Endumeni Municipality which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 135 to 182.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. Paragraph 11 et seq. of the Standard of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget

reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Endumeni Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of Endumeni Municipality as at 30 June 2009 and its financial performance and cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA.

Emphasis of matters

Without qualifying my opinion, I draw attention to the following matters:

Unauthorised expenditure

9. As disclosed in Note 37 to the financial statements the municipality has incurred unauthorised expenditure of R4.41 million. The unauthorised expenditure relates to the municipality overspending its operational budget by this amount.

Restatement of corresponding figures

10. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of a change in accounting policy and errors discovered during 2008/2009 in the financial statements of the municipality at, and for the year ended, 30 June 2008.

Material losses

11. As disclosed in note 31.7 to the financial statements, electricity distribution losses of 15.9 million Kwh (39%) with a value of R2.8 million was incurred during the year.

Other Matters

12. Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

13. The municipality provided supplementary information in the Annexure E1 and E2 to the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information and other supplementary information set out on pages 183 to 190 does not form part of the financial statements and is presented as additional information. I have not audited these schedules accordingly; I do not express an opinion thereon.

Non Compliance with applicable legislation

Municipal Finance Management Act

14. The municipality had not prepared and submitted for audit the annual financial statements within two months after the end of the financial year as required by section 126(1) of the MFMA.
15. Quarterly reports on the implementation of the budget and the financial state of affairs of the municipality were not submitted by the mayor to the council within 30 days of the end of each quarter, as required by section 52 (d) of the MFMA.

Municipal Systems Act

16. The performance contracts of the section 57 managers did not include performance objectives and targets consistent with the IDP of the municipality, as required by section 57(4) of the MSA.

Basic Conditions of Employment Act

17. Overtime exceeded the requirements governed by section 10(1) of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997).

Governance framework

18. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

19. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	☐	☐
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	☐	☐
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	☐	☐
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadline [section 126 of the MFMA].	☐	☐
Availability of key officials during audit			

3

No.	Matter	Y	N
5.	Key officials were available throughout the audit process.	☐	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.		☐
	• The audit committee operates in accordance with approved, written terms of reference.		☐
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		☐
7.	Internal audit		
	• The municipality had an internal audit function in operation throughout the financial year.	☐	
	• The internal audit function operates in terms of an approved internal audit plan.		☐
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		☐
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		☐
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		☐
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	☐	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		☐
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	☐	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	☐	
14.	SCOPA resolutions have been substantially implemented.	☐	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		☐
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information		☐
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the municipality against its mandate, predetermined objectives, outputs, indicators and targets [section 68 of the MFMA].	☐	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		☐

20. Governance policies and practices do not operate effectively and appropriately. The municipality has not substantially complied with the key governance responsibilities. Weaknesses with respect to the timeous submission of the financial statements, risk management, audit committee, internal audit and performance information should be addressed to improve adherence to the governance framework.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

I have reviewed the performance information as set out on pages 104 to 126.

The accounting officer's responsibility for the performance information

21. In terms of section 121(3)(c) of the MFMA the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

22. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
23. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
24. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the review findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

Inadequate reporting of performance information

25. The municipality did not prepare a performance report for each external service provider as required by section 46 of the MSA. Furthermore, the report did not include a comparison of the performance with targets set for performances in the previous financial year and measures taken to improve performance.

Inconsistently reported performance information

26. The Endumeni Municipality has reported on its performance with regard to its objectives, indicators and targets; however the approved integrated development plan does not include the indicators and targets which have been reported on.

Content of integrated development plan

27. The key performance indicators set by the Endumeni Municipality did not include any general KPI's applicable to the municipality, as prescribed in terms of section 43(1) of the MSA.

APPRECIATION

28. The assistance rendered by the staff of the Endumeni Municipality during the audit is sincerely appreciated.

Alfred G. - Jansen
Pietermaritzburg

11 June 2010



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



ENDUMENI MUNICIPALITY

Annual Report

2008/2009

Chapter 7

Audited
Financial
Statements



- Financial statement for the year 2008/2009 are enclosed.

Endumeni Municipality



Financial Statements
2008/2009

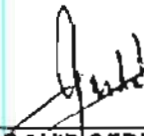
ENDUMENI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



DAVID CEBEKHULU
MUNICIPAL MANAGER

10/06/2010

Date

**ENDUMENI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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ENDUMENI MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		116 924 725	120 417 541
Housing Operating Account	1	25 846 364	26 017 422
Reserves	5	400 000	400 000
Accumulated surplus		90 678 361	94 000 119
Non-current liabilities		22 542 721	18 534 483
Long-term liabilities	2	17 531 676	18 534 483
Retirement benefits	3	5 011 045	-
Current liabilities		27 972 176	27 570 457
Consumer deposits	4	2 194 090	2 205 005
Creditors	6	17 940 266	18 947 522
Unspent conditional grants and receipts	7	5 457 913	4 245 478
Value Added Taxation	8	1 367 100	1 172 414
Current portion of non-current liabilities	2	1 002 807	1 000 038
Total Net Assets and Liabilities		167 439 622	166 522 481
ASSETS			
Non-current assets		115 149 786	112 413 177
Property, plant and equipment	9	106 603 008	103 953 344
Intangible assets	10	20 686	54 557
Investment properties	11	7 048 059	6 788 056
Investments	12	15 200	15 200
Long-term receivables	13	1 462 834	1 602 020
Current assets		52 289 836	54 109 303
Inventories	14	22 759 549	21 302 012
Consumer debtors	15	9 924 604	8 267 567
Other debtors	16	2 092 678	5 197 611
Current investments	17	14 206 193	14 962 042
Bank balances and cash	18	2 308 860	4 288 620
Current portion of long-term receivables	13	97 957	91 452
Total Assets		167 439 622	166 522 481

ENDUMENI MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property rates	19	35 557 305	28 316 272
Property rates - penalties imposed and collection charges		6 109 910	6 677 231
Service charges	20	42 975 638	35 818 231
Rental of facilities and equipment		1 150 520	1 072 495
Interest earned		2 064 156	2 366 978
Fines		1 035 443	1 103 110
Licences and permits		2 746 193	2 480 669
Government grants and subsidies	21	22 764 111	20 927 916
Other income	27	837 591	1 586 833
Total Revenue		115 240 865	100 349 735
EXPENDITURE			
Employee related costs	22	46 205 080	37 689 453
Remuneration of councillors	23	2 308 257	2 065 336
Collection costs		1 328 725	1 373 798
Amortisation	10	33 872	191 583
Depreciation	9	4 932 611	4 684 579
Repairs and maintenance		11 289 342	11 830 649
Finance costs	24	2 981 499	3 053 991
Bulk purchases	25	24 107 853	17 932 944
Contracted services		1 028 388	1 001 612
Retirement and long services benefits		1 275 608	-
General expenses	26	18 031 870	13 775 111
Adjustments to provisions	15	3 694 232	17 843 427
Less: Recharges		(912 500)	(912 131)
Total Expenditure		117 304 837	110 530 352
(DEFICIT) / SURPLUS FOR THE YEAR		(2 063 972)	(10 180 617)

ENDUMENI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2009

	<u>Insurance Reserve</u> R	<u>Housing Operating Account</u> R	<u>Accumulated Surplus</u> R	<u>Total</u> R
2007/2008				
Balance as previously reported	2 445 368	4 074 642	1 897 724	8 417 734
Transfer of accumulated surplus - water & sewerage to Umzinyathi District Municipality debtor	-	-	(851 403)	(851 403)
Change in accounting policy - unbundling of accounts (Note 35)	-	-	178 898 927	178 898 927
Change in accounting policy - reversal of reserves (Note 35)	(2 045 368)	331 350	2 045 368	331 350
Correction of prior year error - contribution to bad debt provision (Note 35)	-	-	15 673 427	15 673 427
Restatement of prior year provision for bad debts	-	-	(21 288 752)	(21 288 752)
Correction of prior year error - loans redeemed and other capital receipts transfer to housing operating account (Note 35)	-	21 611 430	(21 611 430)	-
Restated balance at 30 June 2007	400 000	26 017 422	154 764 861	181 182 283
Surplus/(deficit) for the year - restated (Note 35)	-	-	(10 180 617)	(10 180 617)
Prior year adjustments	-	-	(40 283 237)	(40 283 237)
Change in accounting policy - reversal of income and expenditure transactions (Note 35)	-	-	(10 300 887)	(10 300 887)
Balance at 30 June 2008	400 000	26 017 422	94 000 119	120 417 541
2008/2009				
Surplus (deficit) for the year			(2 063 972)	(2 063 972)
Prior year adjustments			(78 382)	(78 382)
Recognition of retirement benefits			(3 735 437)	(3 735 437)
Change in accounting policy - reversal of income and expenditure transactions (Note 35)			(8 165 285)	(8 165 285)
Change in accounting policy - unbundling of accounts (Note 35)			8 828 579	8 828 579
Transfer of movement in accumulated surplus - water & sewerage to Umzinyathi District Municipality debtor			613	613
Change in accounting policy - unbundling of accounts - transactions processed in 2009 (Note 35)			1 422 083	1 422 083
Loans redeemed and other capital receipts transfer to housing operating account - current year transactions		(171 058)	470 043	298 985
Balance at 30 June 2009	400 000	25 846 364	80 678 361	116 924 725

ENDUMENI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		110 107 928	-
Cash paid to suppliers and employees		(103 410 878)	-
Cash generated from operations	29	6 697 049	-
Interest received		2 084 156	-
Finance costs		(2 981 489)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		5 779 708	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7 882 019)	-
Proceeds on disposal of property, plant and equipment		79 745	-
Decrease in non-current receivables		77 915	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(7 504 360)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		-	-
Loans repaid		(1 000 038)	-
Decrease in consumer deposits		(10 815)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1 010 953)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2 735 607)	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		19 250 662	25 856 897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30	16 515 054	19 250 662

Comparative information has not been provided for the 2007/08 financial statements as the municipality's accounting records do not provide for cash flow information. Furthermore the cumulative effect of prior year adjustments due to errors and the implementation of GRAP render IMFO based financial information for 2007 inappropriate for the purpose of determining the 2008 comparative cash flow statement. In terms of GRAP 3 paragraph 25, when it is impracticable to determine the cumulative effect the accounting policy shall be adopted prospectively. GRAP 2 has thus been adopted for the year ended 30 June 2009.

ENDUMENI MUNICIPALITY

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF ACCOUNTING

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act. (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

ENDUMENI MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

**1.2 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS
ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality. Application of all of the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance. This date is not currently available

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- IAS 19 Employee Benefits - effective 1 January 2009
- IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- IAS 39 Financial Instruments: Recognition and Measurement portions of standard effective 1 July 2009

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below in paragraphs 4 to 18.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost or fair value less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

ENDUMENI MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Items of property, plant and equipment which are acquired for no cost or for a nominal cost are recognised at their fair values.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

The cost or fair value of property, plant and equipment is depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated asset lives:-

<u>DETAILS</u>	<u>YEARS</u>	<u>DETAILS</u>	<u>YEARS</u>
<i>Infrastructure</i>		<i>Other</i>	
Roads	3 - 100	Machinery and equipment	3 - 20
Water	5 - 100	Furniture and equipment	3 - 50
Electricity	3 - 80	Motor vehicles	4 - 20
Sewerage	10 - 60	Buildings	5 - 30
Other	10 - 30		

The estimated useful lives and residual values of property, plant and equipment are periodically reviewed and adjusted where necessary.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraphs 73 to 83.

5. INTANGIBLE ASSETS

Computer software and websites

Cost associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique products controlled by the Municipality, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are

ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

amortised using the straight line method over their useful lives, not exceeding a period of 2 to 5 years.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of intangible assets as set out in paragraphs 110 to 118.

6. INVESTMENT PROPERTIES

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of investment property and shall be classified as property, plant and equipment, inventory or non-current assets held for sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and

ENDUMENI MUNICIPALITY

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

- Property held for strategic purposes or service delivery.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board in terms of Directive 4 issued in March 2009, with respect to the measurement of Investment Property as set out in paragraphs 63 to 70.

7. LEASES

Payments made under lease agreements are expensed and charged to the Statement of Financial Performance on a straight line basis over the period of the lease. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

8. INVENTORIES

Inventories comprising consumable stores, raw materials, finished goods and housing are valued at the lower of average cost, determined on the first in first out method, and net realisable value. Where inventories are held for distribution or consumption in the production process of goods at no charge or for a nominal charge, they shall be measured at the lower of cost and current replacement costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.

9. FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value. The subsequent measurement of financial instruments is dealt with below and in the absence of an approved GRAP Standard, is in accordance with IAS 39.

9.1 INVESTMENTS

Financial instruments, which include unlisted, reciprocal municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

9.2 CONSUMER AND OTHER RECEIVABLES

Consumer and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Bad debts are written off during the year in which they are identified.

An impairment or bad debt loss is recognised when it is probable that the Municipality will not be able to collect all amounts due (principal and interest) according to the contractual terms of the accounts receivable. The assessment of objective indicators of impairment for accounts receivable is carried out at each balance sheet date.

9.3 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9.4 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discounts or premiums on settlement. Gains and losses are recognised in net income or loss when liabilities are impaired as well as through the amortisation process.

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 days, accordingly impairments, if any, are considered to be immaterial.

10. REVENUE RECOGNITION

10.1 Revenue from Exchange Transactions

Service charges relating to electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods when meter readings have not been able to be made. The revenue from provisional estimates of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised in the period in which cash is received.

ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered and the fee has been charged or licences and permits have been issued.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

10.2 Revenue from non-exchange transactions

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

11. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

**ENDUMENI MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009**

12. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

13. RETIREMENT BENEFITS

The Municipality operates various pension schemes. These schemes are funded through trustee administered funds. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions.

Contributions are recognised as an expense in the Statement of Financial Performance in the year in which they become payable.

The liability recognised in the statement of financial position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable.

The liability for the defined benefit plan is being recognised in the statement of financial position over a 5 year period per the transitional provisions afforded to the Municipality in terms of IAS 19, paragraph 155(b).

14. BORROWING COSTS

Borrowing costs are recognised in the Statement of Financial Performance in the year in which they become payable.

15. DEPOSITS

Deposits received from consumers are based on a set tariff for prepaid electricity meters and conventional electricity meters. The deposit for domestic and business customers using conventional electricity meters may be increased based on consumption. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's consumer deposits policy. No interest is paid on deposits held.

16. HOUSING OPERATING ACCOUNT

The Housing Operating Account was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Operating Account. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Operating Account.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of the Housing Operating Account can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

ENDUMENI MUNICIPALITY
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

17. INSURANCE RESERVE

An insurance reserve is maintained to cover the excess on claims that may occur. Insurance premiums are not charged to the reserve. Contributions are made on an ad hoc basis depending on the status of the reserve.

The balance of the self-insurance fund is fully cash backed and is invested in call accounts.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearer's Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. TRANSITIONAL PROVISIONS

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements – paragraphs 7-8A
- GRAP 9 Revenue from Exchange Transactions – paragraphs 37-38
- GRAP 12 Inventories – paragraphs 45-52
- GRAP 13 Leases – paragraphs 55-60
- GRAP 16 Investment Properties – paragraphs 63-70
- GRAP 17 Property, Plant and Equipment – paragraphs 73-83
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets – paragraphs 93-94E
- GRAP 100 Non-current assets held for sale and discontinued operations – paragraphs 97-98
- GRAP 102 Intangible Assets – paragraphs 110-118
- IAS 19 Retirement benefits – paragraph 155(b).

The municipality has developed a plan to implement the above transitional provisions within the window period established in Directive 4. Progress will be evaluated each reporting period.

	2009 R	2008 R
1. HOUSING OPERATING ACCOUNT		
Housing Operating Account	<u>26,846,364</u>	<u>26,017,422</u>
The Housing Operating Account is represented by the following assets and liabilities:		
Fixed Assets	5,739,496	5,739,496
Housing Inventory	17,714,500	17,714,500
Debtors	2,392,368	2,563,426
Total Housing Operating Account Assets and Liabilities	<u>25,846,364</u>	<u>26,017,422</u>
2. LONG-TERM LIABILITIES		
Local Registered Stock Loans	3,915,200	3,915,200
Annuity Loans	14,619,283	15,619,321
Sub-total	<u>18,534,483</u>	<u>19,534,521</u>
Less: Current portion transferred to current liabilities	1,002,807	1,000,038
Local Registered Stock Loans	-	-
Annuity Loans	<u>1,002,807</u>	<u>1,000,038</u>
Total External Loans	<u>17,531,676</u>	<u>18,534,483</u>
Refer to Appendix A for more detail on long-term liabilities.		
Local registered stock		
Bear interest at rates between 10% and 16.90% per annum and are repayable over periods between one and four years.		
Annuity loans		
Bear interest at rates between 5% and 17% per annum, are being redeemed in monthly instalments, including interest, over varying periods until 2018.		
Security		
The long term liabilities for local registered stock and annuity loans are not secured against any assets of the municipality.		
3. RETIREMENT BENEFITS		
<i>Post-employment medical benefits</i>		
The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, La Health and Samwu. Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, ARCH actuarial consulting, carried out a statutory valuation on 30 June 2008.		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	9%	-
Health care cost inflation rate	8%	-
Net effective discount rate	1%	-
Benchmark inflation (equal to salary inflation)	6%	-
Average retirement age	65	-
Proportion continuing membership at retirement	95%	-
Proportion of retiring members who are married	90%	-
Mortality during employment	SA 85-90 ultimate	-
Mortality post-retirement	PA 90 ultimate	-
(No explicit assumption was made about additional mortality or health care costs due to AIDS).		
Percentage of in-service members withdrawing before retirement:		
Age 20	30%	-
Age 30	25%	-
Age 40	12%	-
Age 50	4%	-
Age 55+	0%	-
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:	<u>5,011,046</u>	<u>-</u>

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
3. RETIREMENT BENEFITS (Continued)		
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	-	-
Current service cost	479,155	-
Interest cost	1,527,294	-
Benefit payments	(790,092)	-
Actuarial gains/(losses)	59,251	-
Recognition of previously unrecognised defined benefit liability	3,735,437	-
Balance at end of year	<u>6,011,045</u>	<u>-</u>
As the actuarial valuation was only performed in 2009, no comparative figures are available.		
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	479,155	-
Interest cost	1,527,294	-
Benefit payments	(790,092)	-
Actuarial gains/(losses)	59,251	-
Total, included in employee benefits expense (Note 22)	<u>1,275,608</u>	<u>-</u>
As the actuarial valuation was only performed in 2009, no comparative figures are available.		
Endumeni has taken advantage of the transitional provisions afforded to the Municipality in terms of IAS 19, paragraph 155(b).		
4. CONSUMER DEPOSITS		
Electricity	<u>2,194,090</u>	<u>2,205,005</u>
Guarantees held in lieu of electricity deposits	<u>109,310</u>	<u>109,150</u>
5. RESERVES		
Insurance reserve	<u>400,000</u>	<u>400,000</u>
6. CREDITORS		
Trade creditors	3,570,052	2,419,056
Deposits - other	97,626	80,456
Staff leave	2,448,721	2,178,620
Retention creditors	1,204,027	1,440,927
Other creditors	10,619,840	12,828,457
Total Creditors	<u>17,940,266</u>	<u>18,947,522</u>

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2009
R

2008
R

7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Municipal infrastructure grant	888,400	174,283
Financial management grant	286,175	336,650
SETA grant	458,740	267,408
Khuphophule sewing project	7,109	6,828
Performance management systems	71,587	209,317
Interdepartmental monitoring systems	60,005	54,628
Geographical information systems	-	-
Siyamema pecun nut grant	112	112
Valuation roll grant	55,597	100,135
Municipal systems improvement grant	538,372	431,018
Land use management grant	-	-
Admin capacity	186,685	167,184
Department of environmental affairs	289,973	284,427
Local economic development	26,682	18,240
Community development workers	167	767
KZN Housing grant	62,925	57,290
Department of mineral and energy	11,820	10,761
IDP support grant	-	-
Development Information systems grant	51,888	48,875
Property rates implementation	-	590
Development Bank of South Africa	5,104	9,605
IDP review grant	-	-
Spatal planning grant	65,696	59,763
Municipal finance management act grant	133	1,251
Uniform billing systems grant	50,367	45,840
Municipal assistance programme	112,117	86,142
Sibongile library internet grant	6,403	64,846
Department of sports grant	375,000	-
Capacity building - DBSA	51,300	-
Museum subsidy	127,239	72,000
Department of local government and traditional affairs - Sithembile	206,626	187,838
Department of local government and traditional affairs - Sibongile	643,939	599,281
KZN Housing - Sibongile hostel	467,522	525,736
KZN Housing - Sithembile hostel	352,843	322,776
KZN Housing - Bufferstrip	-	77,018
KZN Housing - Craigsidde development	27,357	24,869
Total Conditional Grants and Receipts	<u>5,467,913</u>	<u>4,245,478</u>

See Note 21 for reconciliation of grants from other spheres of government. These amounts are invested in a ring fenced investment until utilized.

8. VALUE ADDED TAXATION

1,367,109

1,172,414

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS

ENDUMEN MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3. PROPERTY, PLANT & EQUIPMENT

30 June 2009

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Electricity	Infrastructure Roads	Infrastructure Water & Sewerage	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Hauling - Lifting Schemes	Total
	R	R	R	R	R	R	R	R	R	R	R
Carrying Values at 30 June 2008	2 949 849	16 874 581	18 092 805	54 117 993	-	1 899 837	1 960 403	174 747	1 489 109	8 739 496	103 183 344
Cost	2 949 849	30 478 000	31 936 507	69 669 565	-	2 863 865	7 730 808	8 408 030	5 855 105	5 739 496	106 578 475
Accumulated depreciation	-	(19 503 519)	(13 843 697)	(15 551 572)	-	(1 119 309)	(5 770 428)	(1 543 283)	(4 404 483)	-	(65 625 081)
Acquisitions	-	151 783	2 030 700	4 103 188	-	88 820	608 034	493 394	124 705	-	7 902 019
Depreciation	-	(1 233 799)	(1 193 664)	(1 442 317)	-	(1 118 008)	(351 254)	(287 008)	(295 879)	-	(4 322 811)
Carrying Value of disposals	-	-	-	-	-	-	(66 007)	-	(13 744)	-	(79 745)
Cost	-	(11 802)	-	-	-	-	(220 150)	-	(745 782)	-	(977 841)
Accumulated depreciation	-	11 903	-	-	-	-	154 138	-	732 039	-	398 087
Carrying Values at 30 June 2009	2 949 849	16 892 680	18 930 128	64 778 864	-	1 842 225	2 232 074	1 172 206	1 265 185	8 739 496	106 603 008
Cost	2 949 849	30 617 987	33 907 292	73 772 733	-	2 878 661	8 189 803	8 102 324	5 232 708	5 739 496	176 782 603
Accumulated depreciation	-	(20 725 407)	(15 037 165)	(18 993 869)	-	(1 203 366)	(5 957 529)	(6 930 118)	(3 968 123)	-	(69 550 645)

Endumen Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraph 72. Endumen Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

9. PROPERTY, PLANT & EQUIPMENT (Continued)

30 June 2008

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure Electricity R	Infrastructure Roads R	Infrastructure Water & Sewerage R	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Housing - Letting schemes	Intangible Assets	Investment Properties	Inventory Housing R	Total R
Carrying Values at 1 July 2007	3 440 800	35 183 831	30 836 519	65 195 340	38 610 820	3 027 894	8 818 812		6 258 837	23 870 848	1 220 283	184 103		220 087 597
Cost	3 440 800	36 193 885	30 836 519	66 195 340	38 610 820	3 027 894	8 818 812	5 872 349	6 210 937	23 870 848	1 220 283	184 103		220 087 597
Accumulated Depreciation														
Measurement of zero value assets							3 208							3 208
Reconciliation of newly identified assets at fair value														
Transfer of housing inventory	(481 220)									(17 223 300)	(878 663)		17 714 600	
Baddeley Depreciation								(5 014 483)	(4 535 763)			8 601 933		6 601 933
Transfer of Water & Sewerage assets														
Cost					(29 710 788)		(8 893)		(8 893)					(79 718 788)
Accumulated depreciation					(38 410 520)		892		(17 000)					(58 428 428)
Transfer to intangible assets, investment properties and housing inventory														
Cost														
Accumulated depreciation														
Write off deferred charges and disposals - prior year														
Cost							(2 776)	(31 551)		(907 852)				(939 203)
Accumulated depreciation							2 776	78 550						(1 020 509)
Revalued carrying values at 1 July 2007	2 949 600	17 814 832	17 937 317	61 014 349		1 781 838	1 371 181	149 856	878 874	5 738 496				160 037 291
Cost	2 949 600	36 193 885	30 836 519	65 195 340		3 027 894	6 818 812	5 782 466	5 205 928	5 738 496				161 571 781
Accumulated depreciation		(18 279 223)	(12 699 202)	(14 180 991)		(1 237 156)	(5 447 000)	(5 112 953)	(4 527 253)					(81 483 899)
Acquisitions	240	284 214	1 299 092	4 474 226		77 423	918 269	(646 461)	981 433					6 682 306
Depreciation		(1 224 278)	(1 144 304)	(1 370 580)		(114 307)	(328 020)	(318 229)	(182 842)					(4 684 580)
Carrying Value of disposals														
Cost							(51 971)		(23 466)					(81 227)
Accumulated depreciation							(200 152)		(328 300)					(528 452)
Carrying Values at 30 June 2008	2 949 849	16 974 868	18 092 801	64 117 993		1 888 857	1 840 408	878 747	1 480 788	8 739 496				163 893 344
Cost	2 949 849	36 478 099	31 036 802	69 600 565		2 809 863	7 730 828	6 008 000	5 865 192	5 739 496				169 578 421
Accumulated depreciation		(19 503 511)	(13 843 991)	(5 551 572)		(1 119 208)	(5 770 420)	(5 129 253)	(4 404 403)					(65 625 081)

Correction of prior year errors are disclosed in note 35

**ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
10. INTANGIBLE ASSETS		
Carrying value opening balance 1 July 2007	-	-
Cost	-	-
Accumulated Amortisation	-	-
Transfer from Property Plant & Equipment (note 10)	-	243 630
Cost	-	1 220 293
Accumulated Amortisation	-	(976 663)
Restated carrying value opening balance	54 557	243 630
Cost	1 222 803	1 220 293
Accumulated Amortisation	(1 168 246)	(976 663)
Additions	-	2 510
Amortisation	(33 872)	(191 583)
Carrying value closing balance	20 685	54 557
Cost	1 222 803	1 220 293
Accumulated Amortisation	(1 202 118)	(1 168 246)

The carrying value of intangible assets disclosed relate to computer software of R1 505, servitudes of R407 and patents and licences of R18 774.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of intangible assets as set out in paragraphs 110 to 118.

11. INVESTMENT PROPERTIES

Carrying Value Opening Balance 1 July 2007	-	-
Transfer from Property Plant & Equipment (note 9)	-	6 788 056
Restated Carrying Value Opening Balance	6 788 056	6 788 056
Previously not recognised properties	260 003	-
Carrying Value Closing Balance	7 048 059	6 788 056
The fair value of these properties as valued by Council's valuer at 30 June amounts to	7 048 059	6 788 056
Rental income derived from these properties amount to	120 780	120 780

No amounts were expensed towards repairs and maintenance costs for income generating investment properties.

Details of investment properties are included in a register which is available for inspection at the municipal offices.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of investment properties as set out in paragraphs 63 to 70.

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
12. INVESTMENTS		
<u>Unlisted</u>		
Local registered stock - Uthukela District Municipality	15 200	15 200
Council's valuation of unlisted investments	15 200	15 200
Average rate of return on investments could not be calculated.		
13. LONG-TERM RECEIVABLES		
Housing - Selling scheme loans	1 250 308	1 294 168
Housing - Sibongile	887 533	891 867
Housing - Individual selling scheme loans	248 114	257 816
	2 165 856	2 243 871
Less provision for bad debts	(605 165)	(550 399)
Provision for housing receivables	(605 165)	(550 399)
Provision for other long-term receivables	-	-
	1 660 791	1 693 472
Less: Current portion transferred to current receivables	(97 957)	(91 452)
Total Receivables	1 462 834	1 602 020
HOUSING SELLING SCHEME LOANS		
Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Housing's programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%		
14. INVENTORIES		
Electricity	3 994 061	2 582 192
Water	239 928	270 236
Consumable stores	554 815	451 854
Mechanical spares	54 623	58 887
Housing inventory	17 714 500	17 714 500
Fuel and oils	180 618	224 333
Total Inventories	22 759 543	21 302 012
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority.		
Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.		
15. CONSUMER DEBTORS		
Rates	29 987 802	28 410 987
Electricity	2 281 051	2 050 606
Refuse	7 340 289	6 872 644
Debtors for Value Added Taxation	1 523 381	1 362 032
Estate	84 775	83 528
Interest	6 827 793	6 954 431
Refund	17 968	9 719
Penalties	12 765 769	10 571 843
Spare	900	900
Deposit Housing	442	1 338
Deposit Electricity	(3 399)	11 050
Receipt	(380 620)	(179 877)
Housing Levy	225 970	234 689
Legal Fees	172 745	237 472
Collection Fees	1 530 361	1 338 840
Sundry Adjustments	427 625	401 910
Total service debtors	62 812 830	58 162 113
Less provision for bad debts	(52 888 226)	(49 894 546)
Total	9 924 604	8 267 567

ENDUMENI MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
15. CONSUMER DEBTORS (Continued)		
<u>Rates: Ageing</u>		
Current (0 - 30 days)	2 255 950	2 108 195
31 - 60 Days	926 368	720 211
61 - 90 Days	794 203	669 318
91 - 120 Days	741 952	586 391
Greater than 120 days	25 279 318	24 316 871
Total	29 987 802	28 410 987
<u>Electricity: Ageing</u>		
Current (0 - 30 days)	1 656 284	1 320 828
31 - 60 Days	121 345	160 130
61 - 90 Days	26 678	60 720
91 - 120 Days	42 978	26 803
Greater than 120 days	423 769	482 124
Total	2 281 051	2 050 606
<u>Refuse: Ageing</u>		
Current (0 - 30 days)	357 690	353 189
31 - 60 Days	194 092	188 373
61 - 90 Days	175 157	198 639
91 - 120 Days	161 920	149 332
Greater than 120 days	6 451 410	5 782 811
Total	7 340 269	6 672 644
<u>Debtors for Value Added Taxation: Ageing</u>		
Current (0 - 30 days)	288 181	240 192
31 - 60 Days	54 251	53 770
61 - 90 Days	33 967	44 024
91 - 120 Days	30 913	30 071
Greater than 120 days	1 115 069	993 975
Total	1 523 381	1 362 032
<u>Estates: Ageing</u>		
Current (0 - 30 days)	1 621	723
31 - 60 Days	867	347
61 - 90 Days	527	342
91 - 120 Days	527	151
Greater than 120 days	81 233	81 965
Total	84 775	83 528
<u>Interest: Ageing</u>		
Current (0 - 30 days)	82 537	87 852
31 - 60 Days	79 152	74 918
61 - 90 Days	80 699	74 728
91 - 120 Days	76 793	53 209
Greater than 120 days	6 508 612	6 653 724
Total	6 827 793	6 954 431
<u>Refund: Ageing</u>		
Current (0 - 30 days)	3 288	11 003
31 - 60 Days	1 206	(1 284)
61 - 90 Days	3 408	-
91 - 120 Days	(8 388)	-
Greater than 120 days	18 451	-
Total	17 965	9 719

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
15. CONSUMER DEBTORS (Continued)		
<u>Penalties: Ageing</u>		
Current (0 – 30 days)	269 260	390 240
31 - 60 Days	260 998	381 161
61 - 90 Days	255 216	348 656
91 - 120 Days	271 634	330 229
Greater than 120 days	11 708 661	9 120 557
Total	12 765 769	10 571 843
<u>Spare: Ageing</u>		
Current (0 – 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days	900	900
Total	900	900
<u>Deposit Housing: Ageing</u>		
Current (0 – 30 days)	292	1 143
31 - 60 Days	50	198
61 - 90 Days	50	-
91 - 120 Days	50	-
Greater than 120 days	-	-
Total	442	1 339
<u>Deposit Electricity: Ageing</u>		
Current (0 – 30 days)	(2 235)	5 361
31 - 60 Days	(1 291)	(2 040)
61 - 90 Days	(762)	164
91 - 120 Days	(333)	150
Greater than 120 days	1 251	7 415
Total	(3 399)	11 050
<u>Add back credits included above: Ageing</u>		
Current (0 – 30 days)	(144 138)	(137 256)
31 - 60 Days	(42 330)	(42 620)
61 - 90 Days	(49 309)	-
91 - 120 Days	(35 969)	-
Greater than 120 days	(108 875)	-
Total	(380 620)	(179 877)
<u>Housing Levy: Ageing</u>		
Current (0 – 30 days)	48 016	55 209
31 - 60 Days	16 658	179 480
61 - 90 Days	12 354	-
91 - 120 Days	11 415	-
Greater than 120 days	137 528	-
Total	225 970	234 689
<u>Legal Fees: Ageing</u>		
Current (0 – 30 days)	(689)	399
31 - 60 Days	(184)	10 280
61 - 90 Days	346	1 050
91 - 120 Days	(11 219)	-
Greater than 120 days	164 401	225 744
Total	172 746	237 472

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
15. CONSUMER DEBTORS (Continued)		
<u>Collection Fees: Ageing</u>		
Current (0 - 30 days)	52 142	59 586
31 - 60 Days	27 126	56 804
61 - 90 Days	24 209	50 438
91 - 120 Days	41 988	48 320
Greater than 120 days	1 384 917	1 123 686
Total	1 530 381	1 338 840
<u>Sundry Adjustments: Ageing</u>		
Current (0 - 30 days)	14 224	1 498
31 - 60 Days	2 626	(293 848)
61 - 90 Days	11 572	10 213
91 - 120 Days	1 466	1 890
Greater than 120 days	397 737	682 156
Total	427 625	401 910
37		
Balance at beginning of the year	73 328 385	55 484 958
Consumer debtors	49 094 540	42 237 921
Long term receivables	550 399	-
Umzinyathi District Municipality - Water & Sanitation Transfer	6 936 556	-
Other debtors	15 946 884	13 247 037
Contribution to provision	3 694 232	17 843 427
Consumer debtors	2 993 680	7 656 625
Long term receivables	54 766	550 399
Umzinyathi District Municipality - Water & Sanitation Transfer	(7 19 944)	6 936 556
Other debtors	1 365 730	2 699 847
Consumer debtors	52 888 226	49 894 546
Non-current receivables (including provision for discount scheme)	605 165	550 399
Umzinyathi District Municipality - Water & Sanitation Transfer	6 216 612	6 936 556
Other debtors	17 312 614	15 946 884
Balance at end of year	77 022 617	73 328 385
Bad debts written off against the provision	672 565	732 276
16. OTHER DEBTORS		
Other debtors	2 304 540	1 166 021
Umzinyathi District Municipality - Other	16 714 320	19 337 732
Umzinyathi District Municipality - Water & Sanitation Transfer	6 216 612	6 936 556
Department of Health - Subsidy (Refer to Note 21)	648 698	499 421
DLGTA - Sithembile roads and stormwater (Refer to Note 21)	66 397	102 803
KZN Housing - Sibongile bufferstrip (Refer to Note 21)	527 111	-
KZN Housing - Ext 18 (Refer to Note 21)	44 226	37 718
	26 521 904	28 081 051
less provision for bad debts	(23 529 226)	(22 883 440)
Total Other Debtors	2 992 678	5 197 611

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
17. CURRENT INVESTMENTS		
Investments - Current Account	8 559 991	9 659 991
Investments - Museum Trust Fund	64 592	66 310
Investments - Government Grants and Subsidies	5 581 610	5 235 741
	<u>14 206 193</u>	<u>14 962 042</u>
ACCOUNT DESCRIPTION - Investments (MFMA requirement)		
Investment Current Account		
<i>Abse Bank Account - Dundee Branch</i>		
<i>Account Number 9072089566 : Call Account</i>		
Bank statement balance at the beginning of the year	6 000 000	5 000 000
Bank statement balance at the end of the year	<u>6 000 000</u>	<u>6 000 000</u>
Investment Current Account		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62113431390 : Money Market Account</i>		
Bank statement balance at the beginning of the year	3 659 991	6 709 991
Bank statement balance at the end of the year	<u>2 559 991</u>	<u>3 659 991</u>
Investment Current Account		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 74027495643 : Call Account</i>		
Bank statement balance at the beginning of the year	-	6 000 000
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
TOTAL INVESTMENTS (CURRENT ACCOUNT) :	<u>8 559 991</u>	<u>9 659 991</u>
Investment Museum Trust Fund		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62127761236 : Money Market Account</i>		
Bank statement balance at the beginning of the year	66 310	118 349
Bank statement balance at the end of the year	<u>64 592</u>	<u>66 310</u>
TOTAL INVESTMENT (MUSEUM TRUST FUND) :	<u>64 592</u>	<u>66 310</u>
Investment Projects		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62047254941 : Call Account</i>		
Bank statement balance at the beginning of the year	2 074 413	2 263 079
Bank statement balance at the end of the year	<u>2 063 882</u>	<u>2 074 413</u>
Investment Sibongile Hostel		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62045928069 : Call Account</i>		
Bank statement balance at the beginning of the year	525 736	828 900
Bank statement balance at the end of the year	<u>470 771</u>	<u>525 736</u>
Investment Finance Management Grant 2		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62114018858 : Call Account</i>		
Bank statement balance at the beginning of the year	2 267	435 081
Bank statement balance at the end of the year	<u>-</u>	<u>2 267</u>
Investment Finance Management Grant 3		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62148665134 : Call Account</i>		
Bank statement balance at the beginning of the year	339 121	-
Bank statement balance at the end of the year	<u>-</u>	<u>339 121</u>
Municipal Systems Improvement Grant		

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
17. CURRENT INVESTMENTS (continued)		
Investment Municipal Systems Improvement Grant		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62148694517 : Call Account</i>		
Bank statement balance at the beginning of the year	431 018	-
Bank statement balance at the end of the year	-	431 018
Investment Land Use Manage System		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62065507108 : Call Account</i>		
Bank statement balance at the beginning of the year	-	64 437
Bank statement balance at the end of the year	-	-
Investment Sithembile Hostel		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62063967718 : Call Account</i>		
Bank statement balance at the beginning of the year	322 776	515 035
Bank statement balance at the end of the year	352 642	322 776
Investment Ext 18		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62070053865 : Call Account</i>		
Bank statement balance at the beginning of the year	2 003	816 682
Bank statement balance at the end of the year	1 132	2 003
Investment Development of Property Valuation Roll		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62071854791 : Call Account</i>		
Bank statement balance at the beginning of the year	12 630	30 019
Bank statement balance at the end of the year	6 394	12 630
Investment Implementation of Property Rates Act		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62093393404 : Call Account</i>		
Bank statement balance at the beginning of the year	-	4 610
Bank statement balance at the end of the year	-	-
Investment Municipal Finance Management Act		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62075824691 : Call Account</i>		
Bank statement balance at the beginning of the year	1 251	12 438
Bank statement balance at the end of the year	-	1 251
Investment Electrification Ext 18		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62078172849 : Call Account</i>		
Bank statement balance at the beginning of the year	1 655	1 513
Bank statement balance at the end of the year	1 818	1 655
Investment 43 Houses Sithembile (Repairs)		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62081707998 : Call Account</i>		
Bank statement balance at the beginning of the year	57 290	59 514
Bank statement balance at the end of the year	62 925	57 290
Investment Capacity Building Hrd		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62095558139 : Call Account</i>		
Bank statement balance at the beginning of the year	-	18 544
Bank statement balance at the end of the year	-	-

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
17. CURRENT INVESTMENTS (continued)		
Investment Development Planning Capacity Building		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62095624352 : Call Account</i>		
Bank statement balance at the beginning of the year	119 433	109 230
Bank statement balance at the end of the year	131 288	119 433
Investment Integrated Development Plan Support		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62095671741 : Call Account</i>		
Bank statement balance at the beginning of the year	-	54 254
Bank statement balance at the end of the year	-	-
Investment Development Administration Capacity Building		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62095672872 : Call Account</i>		
Bank statement balance at the beginning of the year	-	22 965
Bank statement balance at the end of the year	-	-
Investment Development Administration Capacity Building 2		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62134845364 : Call Account</i>		
Bank statement balance at the beginning of the year	50 292	101 231
Bank statement balance at the end of the year	36 554	50 292
Investment Development Info System Grant		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62126662627 : Call Account</i>		
Bank statement balance at the beginning of the year	48 875	103 141
Bank statement balance at the end of the year	51 890	48 875
Investment Spatial Planning		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62095674282 : Call Account</i>		
Bank statement balance at the beginning of the year	59 763	54 254
Bank statement balance at the end of the year	65 695	59 763
Investment Geographical Information System		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62100280932 : Call Account</i>		
Bank statement balance at the beginning of the year	-	12 056
Bank statement balance at the end of the year	-	-
Investment Uniform Billing & Development of Valuation Roll		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62117743022 : Call Account</i>		
Bank statement balance at the beginning of the year	45 840	157 993
Bank statement balance at the end of the year	50 388	45 840
Investment Integrated Development Plan Review		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62117743577 : Call Account</i>		
Bank statement balance at the beginning of the year	-	38 533
Bank statement balance at the end of the year	-	-
Investment Performance Management Systems		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62117744020 : Call Account</i>		
Bank statement balance at the beginning of the year	-	157 433
Bank statement balance at the end of the year	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
17. CURRENT INVESTMENTS (continued)		
Investment Performance Management Systems 2		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62150803742 : Call Account</i>		
Bank statement balance at the beginning of the year	209 317	-
Bank statement balance at the end of the year	<u>69 407</u>	<u>209 317</u>
Investment Electrification Bufferstrip		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62118099614 : Call Account</i>		
Bank statement balance at the beginning of the year	9 106	154 864
Bank statement balance at the end of the year	<u>10 004</u>	<u>9 106</u>
Investment Cleanest Town Competition First Prize		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62100814046 : Call Account</i>		
Bank statement balance at the beginning of the year	132 608	151 268
Bank statement balance at the end of the year	<u>-</u>	<u>132 608</u>
Investment Sibongile Bufferstrip (HB)		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62120274890 : Call Account</i>		
Bank statement balance at the beginning of the year	78 825	22 430
Bank statement balance at the end of the year	<u>2 508</u>	<u>78 825</u>
Investment Valuation Roll Grant		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62121723309 : Call Account</i>		
Bank statement balance at the beginning of the year	89 696	104 398
Bank statement balance at the end of the year	<u>49 201</u>	<u>89 696</u>
Investment Sithembile Roads & Stormwater Phase 1		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62126131820 : Call Account</i>		
Bank statement balance at the beginning of the year	3 938	2 817
Bank statement balance at the end of the year	<u>1 132</u>	<u>3 938</u>
Investment Management Assistance Programme		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62130399282 : Call Account</i>		
Bank statement balance at the beginning of the year	86 142	194 956
Bank statement balance at the end of the year	<u>4 082</u>	<u>86 142</u>
Investment Transfer / Buyback Centre		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62130398903 : Call Account</i>		
Bank statement balance at the beginning of the year	264 427	241 542
Bank statement balance at the end of the year	<u>289 973</u>	<u>264 427</u>
Investment Municipal Infrastructure Grant Funding		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62137517241 : Call Account</i>		
Bank statement balance at the beginning of the year	-	165 568
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Municipal Infrastructure Grant Funding 2008/2009		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62185375964 : Call Account</i>		
Bank statement balance at the beginning of the year	100 000	-
Bank statement balance at the end of the year	<u>250 950</u>	<u>100 000</u>

ENDUMENI MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
17. CURRENT INVESTMENTS (continued)		
Investment LED Strategy		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62137545276 : Call Account</i>		
Bank statement balance at the beginning of the year	18 240	155 420
Bank statement balance at the end of the year	26 683	18 240
Investment Dbsa It Grant		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62173639926 : Call Account</i>		
Bank statement balance at the beginning of the year	9 605	-
Bank statement balance at the end of the year	5 103	9 605
Investment Sibongile Library Internet		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62173631948 : Call Account</i>		
Bank statement balance at the beginning of the year	84 846	-
Bank statement balance at the end of the year	6 405	84 846
Investment Interdepartmental Monitoring		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62080151758 : Call Account</i>		
Bank statement balance at the beginning of the year	7 647	66 176
Bank statement balance at the end of the year	8 400	7 647
Investment Interdepartmental Monitoring 2		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62100280627 : Call Account</i>		
Bank statement balance at the beginning of the year	46 982	42 951
Bank statement balance at the end of the year	51 605	46 982
Investment Finance Management Grant 4		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62190979884 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	288 224	-
Investment Municipal Systems Improvement Grant 2		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62190980162 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	539 317	-
Investment Municipal Infrastructure Grant Funding 2009/2010		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62228321246 : Money Market Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	200 000	-
Investment Management Assistance Programme 2		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62192602392 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	108 036	-

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
17. CURRENT INVESTMENTS (continued)		
Investment Sports Project First National Bank Account - Dundee Branch Account Number 62228322294 : Money Market Account		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	375 000	-
TOTAL INVESTMENTS (GOVERNMENT GRANTS AND SUBSIDIES) :	5 581 610	5 235 741
TOTAL CURRENT INVESTMENTS	14 206 193	14 962 042
18. BANK BALANCES AND CASH		
The Municipality has the following main bank accounts: <u>ACCOUNT DESCRIPTION</u>		
Primary Bank Account First National Bank Account - Dundee Branch Account Number 62025460651 : Cheque Account		
Cash book balance at the beginning of the year	4 277 010	2 957 977
Cash book balance at the end of the year	2 297 950	4 277 010
Bank statement balance at the beginning of the year	4 277 010	2 957 977
Bank statement balance at the end of the year	2 297 950	4 277 010
Petty cash and cash on hand	10 910	11 610
TOTAL BANK BALANCES AND CASH:	2 308 860	4 288 620
19. PROPERTY RATES		
<u>Actual</u>		
Residential : Land	-	16 262 600
Commercial : Land	-	7 930 454
State : Land	-	3 693 419
Municipal : Land	-	640 179
Agriculture properties used for agricultural purposes	365 813	-
Agricultural properties used for other business and commercial purposes	58 841	-
Smallholding used for agricultural/residential purposes	206 262	-
Smallholding used for business/commercial/industrial purposes	9 270	-
Business and Commercial properties (with residential usage)	1 361 102	-
Business and Commercial properties	6 008 516	-
Industrial properties	2 338 881	-
Informal settlements	-	-
Industrial properties (with residential usage)	88 274	-
Land reform properties	-	-
Mining properties	237 992	-
Municipal properties	-	-
Public Benefits Organisation	-	-
Public service infrastructure	413 216	-
Privately owned town serviced by the owner	-	-
Residential Properties	16 897 520	-
Schools	3 331 186	-
State owned properties	2 865 840	-
Vacant Land (other than residential)	356 737	-
Vacant Land zoned residential	1 012 755	-
Public worship	-	-
Worship Residential	-	-
Total Assessment Rates	35 557 306	28 526 651

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
19. PROPERTY RATES (Continued)		
<u>Property Valuations</u>		
Residential : Land	-	40 958 050
: Buildings	-	369 568 500
Commercial : Land	-	18 267 850
: Buildings	-	133 059 400
State : Land	-	8 022 200
: Buildings	-	74 758 700
Municipal : Land	-	1 524 500
: Buildings	-	11 524 500
Agriculture properties used for agricultural purposes	286 820 000	-
Agricultural properties used for other business and commercial purposes	19 985 000	-
Smallholding used for agricultural/residential purposes	47 677 000	-
Smallholding used for business/commercial/industrial purposes	600 000	-
Business and Commercial properties (with residential usage)	50 267 000	-
Business and Commercial properties	218 212 000	-
Industrial properties	84 174 000	-
Informal settlements	298 000	-
Industrial properties (with residential usage)	3 162 000	-
Land reform properties	54 451 000	-
Mining properties	7 702 000	-
Municipal properties	97 377 000	-
Public Benefits Organisation	34 770 000	-
Public service infrastructure	20 060 000	-
Privately owned town serviced by the owner	4 660 000	-
Residential Properties	1 782 465 000	-
Schools	94 666 000	-
State owned properties	81 884 000	-
Vacant Land (other than residential)	5 218 000	-
Vacant Land zoned residential	15 041 000	-
Public worship	30 419 000	-
Worship Residential	11 847 000	-
Total Property Valuations	2 951 755 000	657 683 800
Non rateable	-	-
The last general valuation came into effect on:	1/07/2008	1/07/1998
Property rates levied in terms of the Local Government Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2008		
Interim valuations are processed on a quarterly basis to take into account changes in individual land values due to consolidations and subdivisions		
Assessment rates: Cents in the rand on market valuation as follows.		
Agriculture properties used for agriculture purposes	0.01000	
Agricultural properties used for other business and commercial	0.03090	
Smallholding used for agricultural or residential purposes	0.01000	
Business and commercial properties	0.03090	
Industrial properties	0.03100	
Mining properties	0.03090	
Municipal properties, land reform, informal settlements, public benefit organisations, Public worship	0.00000	
Public service infrastructure	0.02950	
Residential properties	0.01500	
Schools	0.03500	
State owned properties	0.03500	
Vacant land (Residential)	0.07100	
The first R50 000 of the valuation of residential properties are exempt from the calculation of rates.		
Assessment rates: Cents in the rand - General on land only		0.08042

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	2009 R	2008 R
19. PROPERTY RATES (Continued)		
Rebates:		
Agricultural property	75%	
Smallholdings	50%	
Business and commercial properties	10%	
Industrial properties	10%	
Land reform, worship, PBO's, PSI, monuments, informal settlements and municipal owned property	0%	
Residential properties	20%	
Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004 for the 2008 financial year): On a monthly basis, and the final dates of payment being the last working day of the month from August 2008 to June 2009.		
Interest is levied on outstanding rates per annum at:	12%	12%
20. SERVICE CHARGES		
Sale of electricity	37 770 630	31 008 075
Refuse removal	5 205 006	4 810 155
Total Service Charges	42 975 636	35 818 231
21. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	13 137 185	11 903 545
Municipal infrastructure grant	4 154 990	1 993 548
Financial management grant	608 841	626 311
SETA grant	-	107 438
Health subsidy	2 792 043	1 820 031
Knipphofse sewing club	380	240
Performance management systems grant	157 871	252 332
Interdepartmental monitoring systems grant	-	63 015
Geographical Information systems	-	12 451
Siyamema pecan nut grant	-	-
Valuation roll grant	53 185	45 890
Municipal systems improvement grant	7 17 536	344 127
Land use management grant	-	68 372
Admin capacity	35 839	98 362
Department of environmental grant	-	-
Local economic development grant	190 576	148 151
Community development workers	600	2 539
KZN Housing grant	-	7 570
Department of mineral and energy	-	387 084
IDP support grant	-	54 937
Development information systems grant	1 021	64 000
Property rates implementation	590	4 205
Development Bank of South Africa	5 489	134 806
IDP review grant	-	36 922
Spatial planning grant	-	-
Municipal finance management act	1 237	11 781
Uniform billing systems grant	-	123 848
Municipal assistance programme grant	84 169	119 780
Sibongile library internet grant	83 907	6 991
Department of sports grant	-	-
Capacity building - DBSA	-	-
Museum subsidy	-	-
Department of local government and traditional affairs - Sithembile	-	-
Department of local government and traditional affairs - Sibongile	14 689	137 075
KZN Housing - Sibongile hostel	107 014	354 857
KZN Housing - Ext 18	6 637	1 587 483
KZN Housing - Sithembile hostel	1 718	216 558
KZN Housing - Sibongile bufferstrip	607 813	193 564
Department of local government and traditional affairs - Sithembile roads and storm water	-	-
KZN Housing - Craigside development	-	-
Total Government Grant and Subsidies	22 764 111	20 927 916

	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.1 Equitable Share		
Balance unspent at beginning of year	-	1 909 670
Current year receipts	13,137,185	9,993,875
Conditions met - transferred to revenue	(13,137,185)	(11,903,545)
Conditions still to be met	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
21.2 Municipal Infrastructure Grant		
Balance unspent at beginning of year	174 283	165 568
Current year receipts	4,869,107	2,002,263
Conditions met - transferred to revenue	(4,154,990)	(1,993,548)
Conditions still to be met-transferred to liabilities (see note 7)	888 400	174 283
This grant was used for road infrastructure as part of upgrading of informal settlements. No funds were withheld.		
21.3 Financial Management Grant		
Balance unspent at beginning of year	336 650	414 093
Current year receipts	558,366	548,858
Conditions met - transferred to revenue	(608,841)	(626,311)
Conditions still to be met-transferred to liabilities (see note 7)	286 175	336 650
This grant was used for implementation of MFMA, finance reforms and payment of intern's salaries. No funds were withheld.		
21.4 SETA grant		
Balance unspent at beginning of year	267 408	264 007
Current year receipts	191,332	110,839
Conditions met - transferred to revenue	-	(107,438)
Conditions still to be met-transferred to liabilities (see note 7)	458 740	267 408
This grant is in respect of training municipal staff. No Funds were withheld		
21.5 Health subsidy		
Balance unspent at beginning of year	(499 421)	(390 812)
Current year receipts	2,642,766	1,711,422
Conditions met - transferred to revenue	(2,792,043)	(1,820,031)
Balance owing transferred to debtors (Refer to note 16)	(648 698)	(499 421)
The grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There are no delays or withholding of the subsidy.		

	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.6 Khiphophule sewing club grant		
Balance unspent at beginning of year	5 828	6 462
Current year receipts	661	606
Conditions met - transferred to revenue	(380)	(240)
Conditions still to be met-transferred to liabilities (see note 7)	<u>7 109</u>	<u>6 828</u>
This grant is for the sewing projects. No funds were withheld.		
21.7 Performance Management Systems Grant		
Balance unspent at beginning of year	209 317	157 432
Current year receipts	20 151	304 217
Conditions met - transferred to revenue	(157 671)	(252 332)
Conditions still to be met-transferred to liabilities (see note 7)	<u>71 597</u>	<u>209 317</u>
This grant is for the development of performance management contracts. No funds were withheld.		
21.8 Interdepartmental Monitoring Systems Grant		
Balance unspent at beginning of year	54 629	109 126
Current year receipts	5 376	8 518
Conditions met - transferred to revenue	-	(63 015)
Conditions still to be met-transferred to liabilities (see note 7)	<u>60 005</u>	<u>54 629</u>
The grant was to be used for administrative capacity building. No funds were withheld.		
21.9 Geographical Information Systems Grant		
Balance unspent at beginning of year	-	12 056
Current year receipts	-	395
Conditions met - transferred to revenue	-	(12 451)
Conditions still to be met-transferred to liabilities (see note 7)	<u>-</u>	<u>-</u>
This grant was used for the development of geographical information systems. No funds were withheld.		
21.10 Shyamema pecan nut grant		
Balance unspent at beginning of year	112	112
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 7)	<u>112</u>	<u>112</u>
This grant is in respect of the maintaining of the pecan nut trees. No funds were withheld.		
21.11 Valuation roll grant - Department of local government and traditional affairs		
Balance unspent at beginning of year	100 135	134 417
Current year receipts	8 647	11 608
Conditions met - transferred to revenue	(53 185)	(45 890)
Conditions still to be met-transferred to liabilities (see note 7)	<u>55 597</u>	<u>100 135</u>
This grant is used for the development of the valuation roll in terms of the Property Rates Act. No funds were withheld.		

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	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.12 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	431 018	-
Current year receipts	824,890	775,145
Conditions met - transferred to revenue	(717,536)	(344,127)
Conditions still to be met-transferred to liabilities (see note 7)	<u>538 372</u>	<u>431 018</u>
This grant is used for electrification projects as part of upgrading of informal settlement areas. No funds were withheld.		
21.13 Land use management grant		
Balance unspent at beginning of year	-	63 867
Current year receipts	-	2,505
Conditions met - transferred to revenue	-	(66,372)
Conditions still to be met-transferred to liabilities (see note 7)	<u>-</u>	<u>-</u>
This grant is used for integrated development plan and review. No funds were withheld.		
21.14 Admin Capacity		
Balance unspent at beginning of year	167 184	247 185
Adjustments and transfers	18 916	-
Current year receipts	16,424	18,361
Conditions met - transferred to revenue	(35,839)	(98,352)
Conditions still to be met-transferred to liabilities (see note 7)	<u>166 685</u>	<u>167 184</u>
This grant is used for capacity building. No funds were withheld.		
21.15 Department of environment affairs grant		
Balance unspent at beginning of year	264 427	241 542
Current year receipts	25,546	22,885
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 7)	<u>289 973</u>	<u>264 427</u>
This grant is for improvement in public participation. No funds were withheld.		
21.16 Local Economic Development Grant		
Balance unspent at beginning of year	18 240	155 420
Current year receipts	199,010	10,971
Conditions met - transferred to revenue	(190,576)	(148,151)
Conditions still to be met-transferred to liabilities (see note 7)	<u>26 682</u>	<u>18 240</u>
This grant is used for local economic development. No funds were withheld.		
21.17 Community Development Workers Grant		
Balance unspent at beginning of year	767	3 306
Current year receipts	-	-
Conditions met - transferred to revenue	(600)	(2,539)
Conditions still to be met-transferred to liabilities (see note 7)	<u>167</u>	<u>767</u>
This grant is used to pay for community development workers. No funds were withheld.		

	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.18 KZN Housing grant		
Balance unspent at beginning of year	57 290	59 513
Current year receipts	5,635	5,347
Conditions met - transferred to revenue	-	(7,570)
Conditions still to be met-transferred to liabilities (see note 7)	<u>62 925</u>	<u>57 290</u>
This grant was used for the repairs of 43 houses. No funds were withheld.		
21.19 Department of mineral and energy		
Balance unspent at beginning of year	10 761	156 378
Current year receipts	1 059	241 467
Conditions met - transferred to revenue	-	(387 084)
Conditions still to be met-transferred to liabilities (see note 7)	<u>11 820</u>	<u>10 761</u>
This grant was used for the electrification of extension 18 and the electrification of Butterstrip. No funds were withheld.		
21.20 Integrated development plan support grant		
Balance unspent at beginning of year	-	54 254
Current year receipts	-	683
Conditions met - transferred to revenue	-	(54,937)
Conditions still to be met-transferred to liabilities (see note 7)	<u>-</u>	<u>-</u>
This grant was used for integrated development plan review and for spatial planning. No funds were withheld.		
21.21 Development information systems grant		
Balance unspent at beginning of year	48 875	103 141
Current year receipts	4,834	9,734
Conditions met - transferred to revenue	(1,821)	(64,000)
Conditions still to be met-transferred to liabilities (see note 7)	<u>51 888</u>	<u>48 875</u>
This grant is for the development of information systems No funds were withheld.		
21.22 Property Rates Implementation		
Balance unspent at beginning of year	590	4 610
Current year receipts	-	185
Conditions met - transferred to revenue	(590)	(4,205)
Conditions still to be met-transferred to liabilities (see note 7)	<u>-</u>	<u>590</u>
This grant is for the communication of the Municipal Property Rates Act to the public. No funds were withheld.		

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	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.23 Development Bank of South Africa		
Balance unspent at beginning of year	9 605	9 698
Current year receipts	988	134,713
Conditions met - transferred to revenue	(5,489)	(134,806)
	<u>5 104</u>	<u>9 605</u>
Conditions still to be met-transferred to liabilities (see note 7)		
This grant was used for the implementation of financial software. No funds were withheld.		
21.24 Integrated development plan review grant		
Balance unspent at beginning of year	-	38 391
Current year receipts	-	531
Conditions met - transferred to revenue	-	(38,922)
	<u>-</u>	<u>-</u>
Conditions still to be met-transferred to liabilities (see note 7)		
This grant was used for the development and review of the integrated development plan. No funds were withheld.		
21.25 Spatial planning grant		
Balance unspent at beginning of year	59 763	54 254
Current year receipts	5,933	5,509
Conditions met - transferred to revenue	-	-
	<u>65 696</u>	<u>59 763</u>
Conditions still to be met-transferred to liabilities (see note 7)		
This grant was used for the spatial planning as part of the integrated development plan. No funds were withheld.		
21.26 Municipal Finance Management Act grant		
Balance unspent at beginning of year	1 251	12 438
Current year receipts	119	594
Conditions met - transferred to revenue	(1 237)	(11 781)
	<u>133</u>	<u>1 251</u>
Conditions still to be met-transferred to liabilities (see note 7)		
This grant was used for the implementation of the MFMA. No funds were withheld.		
21.27 Uniform billing systems grant		
Balance unspent at beginning of year	45 840	157 993
Current year receipts	4,547	11,695
Conditions met - transferred to revenue	-	(123,848)
	<u>50 387</u>	<u>45 840</u>
Conditions still to be met-transferred to liabilities (see note 7)		
This grant was used for the implementation of the financial software for the billings system. No funds were withheld.		

	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.28 Municipal Assistance Programme		
Balance unspent at beginning of year	86 142	184 956
Current year receipts	110,144	10,908
Conditions met - transferred to revenue	(84,169)	(118,780)
Conditions still to be met-transferred to liabilities (see note 7)	<u>112 117</u>	<u>86 142</u>
This grant is for credit control and GRAP/GAMAP implementation. No funds were withheld.		
21.29 Sibongile library internet grant		
Balance unspent at beginning of year	84 848	-
Current year receipts	5,464	91,837
Conditions met - transferred to revenue	(63,907)	(6,991)
Conditions still to be met-transferred to liabilities (see note 7)	<u>5 403</u>	<u>84 848</u>
This grant is for the internet at the sibongile library No funds were withheld.		
21.30 Department of Sports grant		
Balance unspent at beginning of year	-	-
Current year receipts	375,000	-
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 7)	<u>375 000</u>	<u>-</u>
This grant is intended for the building of a sports facility No funds were withheld.		
21.31 Capacity Building - DBSA		
Balance unspent at beginning of year	-	-
Current year receipts	51 300	-
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 7)	<u>51 300</u>	<u>-</u>
This grant was received from the DBSA for capacity building. No funds were withheld.		
21.32 Museum subsidy		
Balance unspent at beginning of year	72 000	-
Current year receipts	55 239	72 000
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 7)	<u>127 239</u>	<u>72 000</u>
This grant is to fund museum services. No funds were withheld.		
21.33 Department of local government and traditional affairs		
Balance unspent at beginning of year	187 836	171 714
Current year receipts	18 790	16 122
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 7)	<u>206 626</u>	<u>187 836</u>
This grant is for the Sithembile sewer pump station No funds were withheld.		

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	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
21.34 Department of local government and traditional affairs - Sibongile		
Balance unspent at beginning of year	599 281	681 816
Current year receipts	59 327	54 540
Expenditure claimed in accordance with grant conditions	(14 669)	(137 075)
Conditions still to be met-transferred to liabilities (see note 7)	<u>643 939</u>	<u>599 281</u>
This grant is for the Sithembile sewer upgrade. No funds were withheld.		
21.35 KZN Housing - Sibongile hostel		
Balance unspent at beginning of year	525 736	816 552
Current year receipts	48 800	64 141
Expenditure claimed in accordance with grant conditions	(107 014)	(354 957)
Conditions still to be met-transferred to liabilities (see note 7)	<u>467 522</u>	<u>525 736</u>
This grant is for the upgrade of the Sibongile hostel. No funds were withheld.		
21.36 KZN Housing - Ext 18 housing project		
Balance unspent at beginning of year	(37 718)	743 082
Current year receipts	129	806 663
Expenditure claimed in accordance with grant conditions	(6 637)	(1 587 483)
Balance owing transferred to debtors (Refer to note 16)	<u>44 226</u>	<u>(37 718)</u>
This grant is for the upgrade of the Extension 18 housing project. No funds were withheld.		
21.37 KZN Housing - Upgrade of Sithembile Hostel		
Balance unspent at beginning of year	322 776	503 101
Current year receipts	31 786	36 233
Expenditure claimed in accordance with grant conditions	(1 719)	(216 558)
Conditions still to be met-transferred to liabilities (see note 7)	<u>352 843</u>	<u>322 776</u>
This grant is for the upgrade of Sithembile hostel. No funds were withheld.		
21.38 KZN Housing - Sibongile Bufferstrip		
Balance unspent at beginning of year	77 019	(310 714)
Current year receipts	3 684	581 297
Expenditure claimed in accordance with grant conditions	(607 813)	(193 564)
Balance owing transferred to debtors (Refer to note 16)	<u>527 110</u>	<u>77 019</u>
This grant is for the Sibongile Bufferstrip housing. No funds were withheld.		
21.39 Department of local government and traditional affairs - Sithembile Roads and Storm water		
Balance unspent at beginning of year	(102 803)	(127 503)
Adjustments and transfers	36 212	
Current year receipts	194	1 121
Expenditure claimed in accordance with grant conditions	-	(23 579)
Balance owing transferred to debtors (Refer to note 16)	<u>(66 397)</u>	<u>(102 803)</u>
This grant is for the Sithembile roads and storm water. No funds were withheld.		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2009 R	2008 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
<i>21.40 KZN Housing craigside development</i>		
Balance unspent at beginning of year	24 869	22 734
Current year receipts	2 488	2 134
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 7)	<u>27 357</u>	<u>24 868</u>
This grant is for the development of craigside housing. No funds were withheld.		
22. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	27 789 233	36 911 615
Contributions to UIF, medical, pension benefits, WC and levoce	8 670 013	664 391
Housing benefits and allowances	4 357 568	-
Overtime, standby and rations payments	2 265 222	-
Protective clothing and uniforms	121 895	-
Leave	1 004 113	113 447
Performance and other bonuses	2 087 036	-
	<u>46 205 080</u>	<u>37 689 453</u>
The breakdown of the figures for the comparative year are not available.		
Included in the employee related costs are the following:		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	660 435	-
Car Allowance	96 000	-
Contributions to UIF, Medical and Pension Funds	1 538	-
Total	<u>777 974</u>	<u>-</u>
The position of Municipal Manager was filled in July 2008, the Technical Manager was acting in this position for 2008.		
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	634 655	551 973
Car Allowance	108 000	115 982
Contributions to UIF, Medical and Pension Funds	86 600	24 058
Total	<u>829 265</u>	<u>692 022</u>
<i>Remuneration of Managers</i>		
<u>Manager Corporate Services</u>		
Annual Remuneration	652 110	466 945
Car Allowance	60 000	143 444
Contributions to UIF, Medical and Pension Funds	86 734	61 712
Total	<u>798 844</u>	<u>672 101</u>
<u>Manager Technical Services</u>		
Annual Remuneration	652 110	545 174
Car Allowance	60 000	120 000
Contributions to UIF, Medical and Pension Funds	119 473	24 126
Total	<u>831 583</u>	<u>689 301</u>

The Manager Technical Services was acting Municipal Manager in 2008.

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	2009 R	2008 R
23. REMUNERATION OF COUNCILLORS		
Mayor	278 764	200 219
Deputy Mayor	225 005	163 195
Councillor Exco	211 566	154 398
Speaker	225 005	162 339
Councillors	1 076 481	895 554
Travel Allowances	281 438	489 631
Total Councillors' Remuneration	<u>2 308 257</u>	<u>2 065 336</u>
In-kind Benefits		
The Mayor and Speaker are part-time and have an office and secretarial support for the Mayor at the cost of the Council.		
The Mayor has the use of a Council leased vehicle for official duties and has two permanent bodyguards.		
24. FINANCE COSTS		
Non-current liabilities	2 981 488	3 053 991
Short-term borrowings	-	-
	<u>2 981 488</u>	<u>3 053 991</u>
BULK PURCHASES		
Electricity	<u>24 107 853</u>	<u>17 832 944</u>
26. GENERAL EXPENSES		
Included in general expenses is the following: -		
Valuation reduction	4 719 090	-
Transport costs	2 672 790	2 894 268
Security costs	1 661 899	1 376 920
Indigent support	1 449 228	1 237 558
Printing & stationery	691 340	579 862
Telephone costs	636 575	564 872
Audit fees	585 600	561 000
Travel & subsistence	481 626	332 541
Training	415 624	336 745
Legal expenses	334 428	422 556
Postage	301 633	268 318
Insurance	246 313	363 700
Lease payments	221 000	206 918
Bank Charges	207 671	189 560
Advertising	105 253	99 416
Other General Expenses	4 301 802	4 340 878
	<u>19 031 870</u>	<u>13 775 111</u>
27. OTHER INCOME		
Included in other income is the following: -		
Sundry Income	423,265	787,878
Bural fees	104,658	277,876
Discount received	87,490	59,315
Uthukela receipts	65,021	81,604
Other Income	137,157	380,160
	<u>837 591</u>	<u>1 586 833</u>
28. FRUITLESS AND WASTEFUL EXPENDITURE		
Subsistence and travel expenditure	<u>-</u>	<u>8 849</u>

The amount was recovered from the councillor in December 2007 via a deduction from his allowance. No criminal steps have been taken and Council referred the matter to the MEC for disciplinary action to be taken.

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	2009 R	2008 R
29. CASH GENERATED BY OPERATIONS		
(Deficit) / surplus for the year	(2 063 972)	-
Adjustment for: -		
Amortisation: Intangible assets	33 872	-
Previous years operating transactions	2 046 581	-
Depreciation: Property, Plant and equipment	4 932 611	-
Contribution to retirement benefit obligation	1 275 608	-
Contribution to bad debt provision	3 604 232	-
Investment income	(2 064 156)	-
Finance costs	2 981 499	-
Operating surplus before working capital changes:	10 836 285	-
(Increase)/Decrease in inventories	(1 457 531)	-
(Increase)/Decrease in consumer debtors	(4 650 717)	-
(Increase)/Decrease in other debtors	1 559 147	-
(Decrease)/Increase in conditional grants and receipts	1 222 435	-
(Decrease)/Increase in creditors	(1 007 256)	-
(Decrease)/Increase in VAT receivable	194 686	-
Cash generated by operations	<u>6 697 049</u>	<u>-</u>

Comparative information was impracticable to determine - refer to the cash flow statement for full details.

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	2 308 860	4 288 620
Call investment deposits	14 206 193	14 962 042
Total cash and cash equivalents at the end of the year	<u>16 515 054</u>	<u>19 250 662</u>

The municipality does not have overdraft facilities.

31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31.1 Contributions to organised local government

Opening balance	-	-
Council subscriptions	225 017	134 518
Amount paid - current year	(225 017)	(134 518)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

31.2 Audit fees

Opening balance	194 157	182 227
Current year audit fee	550 000	550 000
Amount paid - current year	(624 837)	(538 070)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>119 320</u>	<u>184 157</u>

31.3 VAT

Vat received for the year	<u>6 465 042</u>	<u>5 260 945</u>
VAT paid for the year	<u>7 331 933</u>	<u>5 983 508</u>

VAT inputs receivable and VAT outputs payable are shown in note 8. All VAT returns have been submitted by the due date throughout the year.

2009
R

2008
R

31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE
MANAGEMENT ACT (Continued)

31.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	5 648 544	9 075 897
Amount paid - current year	(5 648 544)	(9 075 897)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

31.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council	10 124 766	8 386 868
Amount paid - current year	(10 124 766)	(8 386 868)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

31.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

Outstanding more than 90 days

Councillor: PM Biram (Amount has subsequently been paid)	174	-
Councillor: WN Mbatha (Stop order signed)	1 257	3 288
Councillor: T Mkhize (Amount has subsequently been paid)	747	-
Councillor: SE Ndimba (Amount has subsequently been paid)	-	1 535
Councillor: DP Ntshingila (Amounts have subsequently been paid)	648	751
Councillor: RT Nukoni (Amounts have subsequently been paid)	657	1 900
Total Councillor Arrear Consumer Accounts	3 481	7 475

31.7 Distribution losses

Units lost (kilowatts)	15 947 787	14 253 686
Units lost (sales price per kilowatts - rands)	6 647 347	4 762 683
Units lost (purchase price per kilowatts - rands)	2 805 269	1 838 767
Units lost (percentage)	39%	34%

Although units per kilowatts were lost in distribution, the electricity service experienced a surplus of R13 million (2008: R13 million).

	2009 R	2008 R
32. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for:	-	-
Infrastructure	-	-
Community	-	-
- Approved but not yet contracted for:	30 468 854	14 209 630
Infrastructure	30 468 854	14 209 630
Community	-	-
Total	30 468 854	14 209 630
This expenditure will be financed as follows:		
Grant funded	11 118 499	5 197 180
Council funded	8 793 262	8 032 450
External Loans	-	980 000
Funding still to be sourced	10 557 093	-
	30 468 854	14 209 630
CONTINGENT LIABILITIES		
The municipality is defending a claim made by the Natal Joint Municipal Pension fund. The amount includes legal fees of approximately R200 000.	2 700 000	2 700 000
The municipality is defending a claim by the South African Authorities Pension fund.	53 000	-
	2 753 000	2 700 000
34. CONTINGENT ASSETS		
No contingent assets were identified for the year ended 30 June 2009 or for the year ended 30 June 2008	-	-
35. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the transfer of the water and sanitation service to the District Municipality (being correction of the prior year error) and incorrect treatment of extinguished housing loans previously transferred to loans redeemed and other capital receipts instead of the housing operating account (being correction of the prior year error).		
The change in accounting policy refers to the implementation of Generally Recognised Accounting Practice:		
35.1 Statutory funds		
Balances previously reported		
Capital Development Fund		59 930 081
Public Improvement Fund		10 093 601
Loan Redemption Fund		5 393 542
Depreciation and Renewals Fund		1 285 741
Covenant Bursary Fund		44 103
Implementation of GRAP		
Transfer to the accumulated surplus (capital replacement reserve)		(75 417 224)
Transfer to the accumulated surplus		(1 329 844)
Restated balance at 30 June 2008		-

2009
R

2008
R

35. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)

35.2 Reserves

Balances previously reported	7 591 270
Transfer of water and sanitation leave reserve to Umzinyathi District Municipality debtor	(168 684)
Implementation of GRAP	
Transfer to the accumulated surplus	(4 843 960)
Transfer of leave reserve to creditors	(2 178 626)
Restated balance at 30 June 2008	<u>400 000</u>

35.3 Trust Funds

Balances previously reported	95 665
Implementation of GRAP	
Transfer to creditors	(95 665)
Restated balance at 30 June 2008	<u>-</u>

35.4 Provisions

Balances previously reported	
Valuation fees	234 445
Audit fees	196 521
Town planning	216 018
Implementation of GRAP	
Transfer to the accumulated surplus	(546 984)
Restated balance at 30 June 2008	<u>-</u>

35.5 External Loans

Balances previously reported	23 603 564
Transfer of water and sanitation loans to Umzinyathi District Municipality debtor	(448 895)
Implementation of GRAP	
Transfer to the accumulated surplus - write off of Endumeni stock loans	(3 620 148)
Restated balance at 30 June 2008	<u>19 534 521</u>

35.6 Investments

Balances previously reported	19 046 285
Stock	4 084 243
Call deposits	14 962 042
Implementation of GRAP	
Transfer to the accumulated surplus	(4 009 043)
Restated balance at 30 June 2008	<u>14 977 242</u>
Non-current investments	15 200
Current investments	14 962 042

35.7 Stock (now Inventory)

Balances previously reported	3 587 512
Implementation of GRAP	
Transfer from property, plant and equipment - housing inventory	17 714 500
Restated balance at 30 June 2008	<u>21 302 012</u>

	2009 R	2008 R
35. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)		
35.8 Debtors (now other debtors)		
Balances previously reported		137 290 126
Transfer of water and sanitation to Umzinyathi District Municipality debtor		6 936 556
Implementation of GRAP		
Transfer of grants debtors		639 942
Transfer to consumer debtors note		(58 162 113)
Transfer to the accumulated surplus		(59 219 580)
Transfer of outstanding deposits from bank to debtors		596 100
Restated balance at 30 June 2008		<u>28 081 051</u>
35.9 Consumer debtors		
Balances previously reported		-
Implementation of GRAP		
Transfer from debtors (now other debtors)		58 162 113
Restated balance at 30 June 2008		<u>58 162 113</u>
35.10 Creditors		
Balances previously reported		82 965 443
Implementation of GRAP		
Transfer of leave reserve to creditors		2 178 626
Transfer to deposits note		(2 205 005)
Transfer to the accumulated surplus		(65 715 812)
Transfer of unpaid cheques from bank to creditors		1 724 371
Restated balance at 30 June 2008		<u>18 947 523</u>
35.11 Consumer deposits		
Balances previously reported		-
Implementation of GRAP		
Transfer from creditors		2 205 005
Restated balance at 30 June 2008		<u>2 205 005</u>
35.12 Loans redeemed and other capital receipts		
Balances previously reported		184 091 065
Transfer of water and sanitation service to Umzinyathi District Municipality debtor		(24 945 689)
Implementation of GRAP		
Transfer to the accumulated surplus (capital replacement reserve)		(159 145 396)
Restated balance at 30 June 2008		<u>-</u>
35.13 Fixed Assets		
Balances previously reported		228 147 451
Transfer of water and sanitation to Umzinyathi District Municipality debtor		(38 428 423)
Implementation of GRAP		
Recognition of investment property		6 601 953
Measurement of zero value assets		3 309
Transfer of intangible assets		(1 220 293)
Transfer of investment property		(6 788 056)
Transfer of housing inventory		(17 714 500)
Transfer of additions for intangible assets		(2 510)
Write off of deferred charges and disposals		(1 020 509)
Restated balance at 30 June 2008		<u>169 578 422</u>

2009
R

2008
R

35. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)

35.14 Accumulated Depreciation

Balance previously reported	-
Implementation of GRAP	
Backlog depreciation: Buildings	18 278 233
Backlog depreciation: Infrastructure - Electricity	12 600 203
Backlog depreciation: Infrastructure - Roads	14 180 891
Backlog depreciation: Infrastructure - Water & Sewerage	8 700 232
Backlog depreciation: Infrastructure - Other	1 237 156
Backlog depreciation: Machinery & Equipment	5 450 677
Backlog depreciation: Furniture & Equipment	5 191 483
Backlog depreciation: Motor Vehicles	4 535 763
Backlog amortisation: Intangible Assets	976 663
Total charged to Accumulated Surplus (Capital Replacement Reserve)	71 251 491
Transfer of water and sanitation assets to Umzinyathi District Municipality debtor	(8 709 632)
Transfer to intangible assets	(1 168 246)
Write off of deferred charges and disposals	(81 305)
Write off of accumulated depreciation for disposals	(543 389)
Depreciation for the year	4 876 162
Restated balance at 30 June 2008	<u>66 625 081</u>

35.15 Investment Properties

Balances previously reported	-
Implementation of GRAP	
Transfer from property, plant and equipment	6 788 056
Restated balance at 30 June 2008	<u>6 788 056</u>

35.16 Intangible Assets - Cost

Balances previously reported	-
Implementation of GRAP	
Transfer from property, plant and equipment	1 220 293
Additions for the year	2 510
Restated balance at 30 June 2008	<u>1 222 803</u>

35.17 Intangible Assets - Accumulated Ammortisation

Balances previously reported	-
Implementation of GRAP	
Transfer from property, plant and equipment	1 168 246
Restated balance at 30 June 2008	<u>1 168 246</u>

35.18 Housing Operating Account

Balances previously reported	4 074 642
Transfer of loans redeemed and other capital receipts from accumulated surplus (capital replacement reserve)	21 611 430
Implementation of GRAP	
Transfer from reserves	331 350
Restated balance at 30 June 2008	<u>26 017 422</u>

2009
R

2008
R

35. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)

35.19 Provision for bad debts

Balances previously reported	52 039 633
Implementation of GRAP	
Restatement of provision for bad debts	21 288 752
Restated balance at 30 June 2008	<u>73 328 385</u>

35.20 (Deficit) / surplus for the year

Balances previously reported	5 778
Transfer of contribution for bad debt provision from accumulated surplus to expenditure	(15 673 427)
Implementation of GRAP	
Write back of non-GRAP revenue	(1 969 457)
Write back of non-GRAP expenditure	12 270 340
Transfer of grant revenue to unspent grants	(72 000)
Depreciation	(4 684 579)
Amortisation	(191 583)
Realisation of revenue recorded as a liability	264 522
Realisation of expenditure recorded as an asset	(130 211)
Restated balance at 30 June 2008	<u>(10 180 617)</u>

36. EVENTS AFTER THE REPORTING DATE

36.1 PRIMARY HEALTH CARE FUNCTION

The Primary Health Care function that is being performed on behalf of the Provincial Health Department is to be reabsorbed by the Provincial Health Department. Council took a resolution to this effect in the 2009/2010 financial year, however no date has been set as yet.

The subsidy received from the Provincial Health Department for the rendering of this service on behalf of the Department does not fully cover the operational costs associated with this service, and this service is therefore reliant on subsidisation by the income raised from rate and tariff billing.

Once absorbed, Council will not be required to contribute towards this service and it is anticipated that this will result in slightly lower than normal annual increases in rates and tariff charges.

36.2 REGIONAL ELECTRICITY DISTRIBUTORS

In line with the National restructuring initiatives relating to the electricity industry, Endumeni Municipality has tacitly indicated willingness to participate in RED 5. It is envisaged that a Public Entity will be formed and all assets and liabilities relating to the provision of this service will be transferred to the said Public Entity. Due to the uncertainty surrounding this entire issue, the financial implications relating to this matter cannot, at this stage, be determined with any degree of accuracy. EDI Holdings has appointed a service provider in order to undertake the Municipal Systems Act S78 processes as well as the ringfencing of the electricity business. The financial implications of this restructuring will only be made fully available at the conclusion of this task.

2009
R

2008
R

37. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's E(1) and E(2).

The operating expenditure budget was overspent by R 4 419 715 largely due to the GRAP conversion process including the increase in bad debt provision and depreciation previously not budgeted for.

38. RELATED PARTIES

The municipality does not have did not have any related party transactions for the years ended 30 June 2009 and 30 June 2008. There are no related party balances as at 30 June 2009

39. OPERATING LEASES

The future minimum lease payments payable under operating leases for the actual liability are as follows:

No later than 1 year	754 685	757 094
Later than 1 year and no later than 5 years	728 223	1 066 437
Later than 5 years	3 970 884	3 970 883
	<u>5 454 792</u>	<u>5 794 414</u>

The future minimum lease payments receivable under operating leases for the actual receivables are as follows:

No later than 1 year	120 769	120 769
Later than 1 year and no later than 5 years	463 479	482 479
Later than 5 years	1 201 794	1 201 794
	<u>1 806 042</u>	<u>1 805 042</u>

Operating lease payments payable relate to the hiring of office equipment, security system, cleaning agents, container rentals and cellphones.

Operating lease payments receivable relate to rentals for the commonage, vacant land, airport hangars, buildings, advertising space and housing.

Endumeni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

ENDUMENI MUNICIPALITY
APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2009

DESCRIPTION	Loan Number	Interest Rate %	Date Repayable	Balance at 30/06/2008 R	Received during the year R	Redeemed / Write off / (Interest Capitalised) during this period R	Balance at 30/06/2009 R
Stock Loans							
Estcourt Municipality	666	10.00%	30/06/2011	8 000	-	-	8 000
Estcourt Municipality	719	10.00%	30/06/2013	7 200	-	-	7 200
INCA	878	16.90%	30/06/2011	3 900 000	-	-	3 900 000
Endumeni Municipality	-	14.75%	30/06/2010	-	1 953 686	1 953 686	-
Endumeni Municipality	-	10.50%	30/06/2010	-	80 210	80 210	-
Endumeni Municipality	-	13.65%	30/06/2010	-	1 000 000	1 000 000	-
Endumeni Municipality	-	12.00%	30/06/2010	-	58 044	58 044	-
Endumeni Municipality	-	10.00%	30/06/2010	-	493 434	493 434	-
Total Stock Loans				3 916 200	3 586 374	3 586 374	3 915 200
Annuity Loans							
Umzinyathi District Municipality	-	5.00%	30/06/2009	63 701	-	63 701	-
DBSA	13268/102	17.00%	31/03/2018	7 431 529	-	320 293	7 111 236
DBSA	13268/202	7.00%	31/03/2018	3 822 430	-	164 744	3 657 686
DBSA	13268/302	7.00%	31/03/2018	3 485 400	-	150 649	3 344 751
DBSA	11749/102	5.97%	31/12/2010	806 262	-	300 650	505 611
Total Annuity Loans				15 619 321	-	1 000 038	14 619 283
TOTAL EXTERNAL LOANS (ENDUMENI MUNICIPALITY)				19 534 521	3 586 374	4 586 412	18 534 483

ENDUMENI MUNICIPALITY
APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2019

	Opening Balance R	Cost / Revaluation		Disposals	Transfers	Closing Balance R	Opening Balance R	Accumulated Depreciation		Closing Balance R	Carrying Value R
		Additions R	Under Construction R					Disposals R	Transfers R		
Land	2 949 849	-	-	-	-	2 949 849	-	-	-	-	2 949 849
Buildings	35 478 099	151 788	-	(11 800)	-	35 617 887	19 503 511	1 233 798	(11 800)	20 728 407	15 892 580
Infrastructure - Electricity	31 934 502	2 030 790	-	-	-	33 965 292	13 843 597	1 193 568	-	15 037 165	18 930 127
Infrastructure - Roads	69 689 565	4 133 188	-	-	-	73 822 753	15 651 572	1 442 317	-	16 993 888	56 828 865
Infrastructure - Water & Sewerage	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other	2 603 865	39 626	-	-	-	2 643 491	1 112 308	1 118 058	-	1 237 365	1 406 126
Machinery & Equipment	7 730 828	895 934	-	(220 159)	-	8 406 603	5 779 428	351 259	(154 158)	5 987 528	2 421 075
Furniture & Equipment	6 408 930	433 395	-	-	-	6 842 324	5 432 183	287 928	-	5 730 110	1 112 215
Motor Vehicles	5 853 182	124 296	-	(745 782)	-	5 231 696	4 404 483	295 079	(732 039)	3 968 123	1 265 585
Housing	5 739 496	-	-	-	-	5 739 496	-	-	-	-	5 739 496
	109 578 425	7 652 019	-	(877 841)	-	176 262 603	65 825 081	4 932 613	(898 097)	69 859 585	106 603 008

ENDUMENI MUNICIPALITY
APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009

	Opening Balance R	Additions R	Cost / Revaluation		Transfers R	Closing Balance R	Opening Balance R	Accumulated Depreciation		Transfers R	Closing Balance R	Carrying Value R
			Under Construction R	Disposals R				Additions R	Disposals R			
Corporate Services	35 989 339	616 585	-	(345 976)	-	36 259 948	20 860 320	1 291 847	(345 976)	-	21 806 191	14 453 757
Financial Services	36 428 831	328 592	-	(14 349)	-	36 742 874	5 272 802	181 929	(14 349)	-	5 440 182	31 302 692
Municipal Manager	5 880 767	47 792	-	(181 805)	-	5 746 754	2 630 803	206 786	(168 970)	-	2 668 719	3 078 035
Technical Services	117 005 047	8 929 053	-	(436 711)	-	123 498 389	38 029 502	3 285 921	(368 802)	-	40 946 621	82 551 769
	185 303 784	7 922 022	-	(977 841)	-	202 247 965	68 793 327	4 986 483	(698 097)	-	70 861 713	131 386 252
The appendix includes figures for property, plant and equipment (note 9), intangible assets (note 10), investment properties (note 11) as well as housing inventory (note 14).												
										Property, plant and equipment		106 603 008
										Investment properties		7 048 059
										Intangible assets		20 685
										Housing inventory		17 714 500
												131 386 252

ENDUMENI MUNICIPALITY

	2008 Actual Revenue R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R	2009 Actual Revenue R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
Corporate Services	(8 046 410)	20,157,470	(12 111 060)	(6 019 561)	23 161 019	(17 141 458)
Financial Services	(46 419 702)	34 174 596	12 245 106	(50 631 036)	27 514 432	23 116 604
Municipal Manager	(2 802 566)	6,741,432	(3 938 866)	(14 413 071)	7 978 710	6 434 361
Technical Services	(43 081 058)	50,368,985	(7 287 927)	(44 177 197)	59 563 176	(15 385 979)
Sub Total	(100 349 735)	111 442 483	(11 092 748)	(115 240 865)	118 217 337	(2 976 472)
Less: Inter-Departmental Charges	-	(912 131)	912 131	-	(912 500)	912 500
Total	(100 349 735)	110 530 352	(10 180 617)	(115 240 865)	117 304 837	(2 063 972)

ENDUMENI MUNICIPALITY
APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	Actual 2009	Budget 2009	Variance 2009	Explanation of significant Variance greater than 10% versus Budget
	R	R	R	%
REVENUE				
Property rates	35 567 308	31 234 283	4 323 038	13.84% Implementation of the Municipal Property Rates Act.
Property rates- penalties imposed and collection charges	6 109 809	6 390 303	(280 394)	-4.39% n/a
Service charges	42 875 636	47 307 787	(4 332 151)	-9.16% n/a
Rental of facilities and equipment	1 150 520	1 148 105	4 415	0.39% n/a
Interest earned- external investments	2 064 156	2 765 903	(701 744)	-25.37% Less cash available for investments and drop in interest rates.
Fines	1 035 443	1 887 010	(851 567)	-38.82% Decrease due to staff shortage.
Licences and permits	2 746 180	2 286 610	449 583	19.58% Testing station increase in attendance.
Government grants and subsidies	22 764 111	17 047 000	5 717 111	33.54% Implementation of GRAP resulting in grant conditions met
Other income	837 591	817 665	19 826	2.44% transferred to revenue.
Total Revenue	116 240 866	110 852 848	4 548 217	4.11%
EXPENDITURE				
Corporate Services	(23 181 019)	(22 180 654)	(930 455)	4.42% n/a
Financial Services	(27 514 432)	(15 886 214)	(11 628 218)	73.20% Due to GRAP implementation increase in bad debt provision and depreciation previously not budgeted for.
Municipal Manager	(7 878 710)	(10 915 923)	2 937 213	-28.91% Internal audit costs paid per shared services and posts not filled.
Technical Services	(58 563 176)	(65 136 625)	5 573 449	-8.68% n/a
Recharges to Departments	912 500	1 234 194	(321 694)	-26.07% Inter-department expenses were less than budgeted for.
Total Expenditure	(117 304 837)	(112 885 122)	(4 419 715)	3.92%
NET (DEFICIT) / SURPLUS FOR THE YEAR				
	(2 083 972)	(2 192 474)	128 602	-6.86%

ENDUMENI MUNICIPALITY

APPENDIX E (2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2008 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances
Corporate Services	616 585	-	616 585	574 295	(42 290)	-7%	Additional capital subsidy from Department of Health.
Financial Services	328 502	-	328 592	18 300	(310 292)	-1696%	Actual includes an addition to investment properties due to the implementation of GRAP.
Municipal Manager	47 792	-	47 792	445 000	397 208	89%	Vehicle and chairs not purchased.
Technical Services	6 929 053	-	6 929 053	13 172 035	6 242 982	47%	Refuse compactor received in next financial year and roads MIG funding to be capitalised in next financial year.
	7 922 022	-	7 922 022	14 209 630	6 287 608	44%	

The appendix includes additions figures for property, plant and equipment (note 9) and investment properties (note 1').

Property, plant and equipment
Investment properties

7 662 016
260 003
7 922 022

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 173 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

3

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 113 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

22 744 111

1 700 431
3 007 812

1 700 431
3 007 812

4 743 418

1 708 433
2 007 812



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Chapter 8

Functional
Area Service
Delivery



- The National Treasury's format for the annual report provides for a number of spreadsheets to be completed providing comprehensive information on each functional area and as such functional service delivery spreadsheets are enclosed.



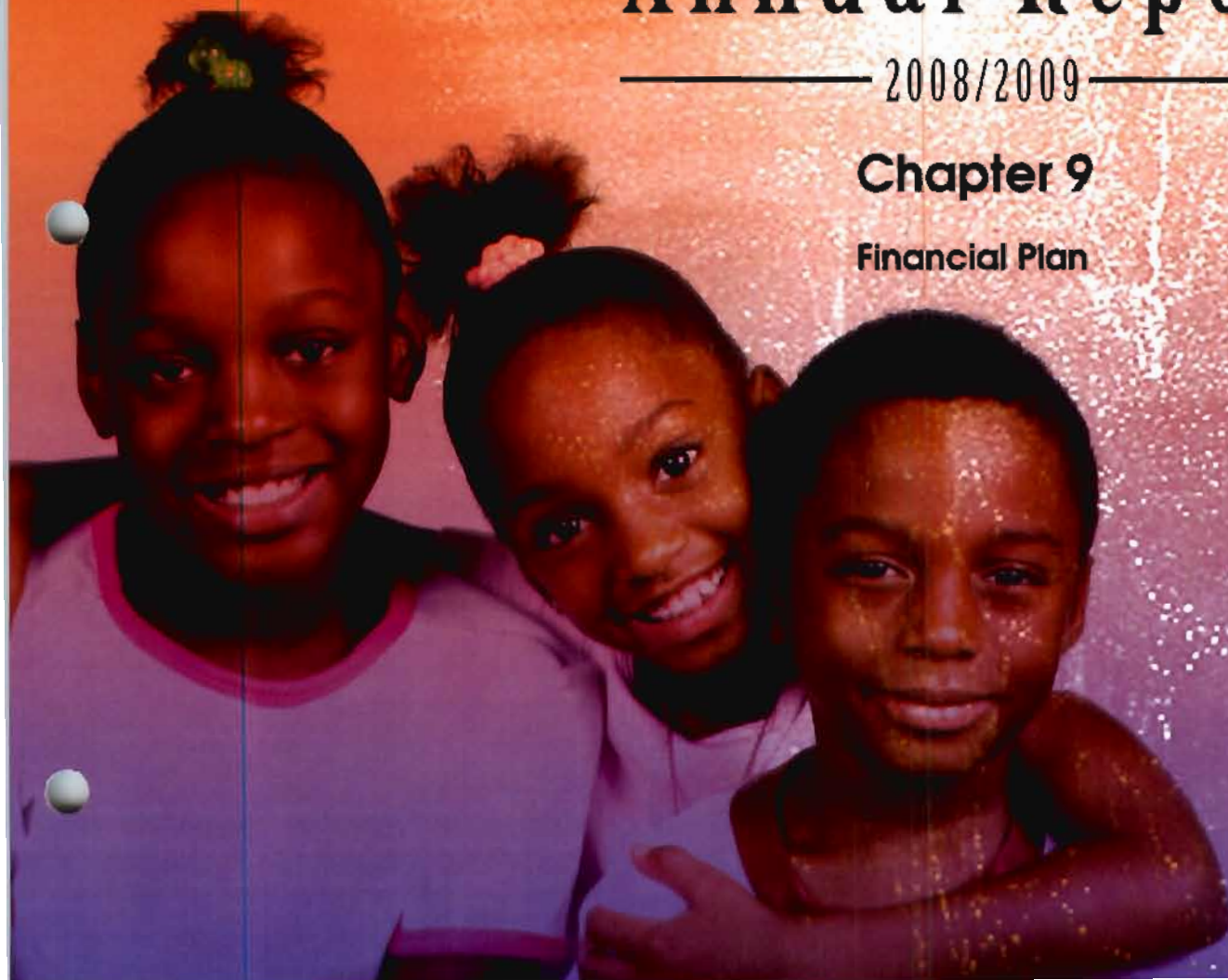
ENDUMENI MUNICIPALITY

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Chapter 9

Financial Plan



ENDUMENI MUNICIPALITY

FINANCIAL PLAN 2008 - 2013

1. Introduction

The Endumeni Municipality has a difficult task of delivering the numerous projects identified by the community in the IDP considering the reduction in its income base as a result of an imminent transfer of the electricity function to REDS in the near future. The loss of this function will impact negatively on Endumeni Municipality's revenue base.

The Endumeni Municipality has recognised that to be successful the IDP must be linked to a workable financial plan, which includes a multi-year budget developed using financial modelling. Furthermore, it was recognised that without the financial plan, the IDP would be incomplete. The Municipal Finance Management Act No. 56 of 2003 (MFMA) requires the municipality to take into account the IDP during the budget preparation process. It further requires the municipality to take all reasonable steps to ensure the municipality revises the IDP in terms of Section 34 of the MSA, taking into account realistic revenue and expenditure projections for future years.

Consequently the IDP process has been extended to include the financial plan in this section of the IDP. The financial plan is set out as follows:

- Financial strategies for the 5 year period
- Financial issues
- Detailed 5 year financial action plan
- Capital and investment program
- Multi-year budgets

2. Financial Strategies

The financial strategies adopted by Council include a general strategy which will apply to the detailed strategies, a financial resources (capital and operational) strategy, revenue raising strategy, asset management strategy, capital financing strategy, operational financing strategy and cost effectiveness strategy. These strategies have been incorporated into a detailed financial action plan that follows this section. More details of the aforementioned strategies are set out below.

2.1. General:

2.1.1. Social responsibility

All aspects of matters relating to financial matters will take cognisance of council's social responsibility. These include Council's indigent policy and recognising that certain sections of the community do not have to pay for these services. A further aspect of social responsibility will focus on transformation and empowerment, for example in Council's procurement policy.

2.1.2. Engendering investor and consumer confidence

Council main aim is to increase investor and consumer confidence by building on the sound financial base. This will include developing sufficient reserves and limiting risks by ensuring that major contracts are awarded to "blue chip" partners and suppliers. At the same time Council must take cognisance of its social responsibilities and will only enter into agreements with partners and suppliers who can demonstrate a significant and continuing contribution to the empowerment of previously disadvantaged communities.

It is envisaged that an alliance with "blue chip" partners and suppliers will in the long term contribute to the betterment of the community through investment and increased employment opportunities. Although preference on major contracts will be given to "blue chip" partners and suppliers, Council will at the same time seek to improve the fortunes of the community by awarding affordable smaller contracts to businesses and individuals' resident or operating within the jurisdiction of the Endumeni Municipality.

In order to limit risk, Council reserves the right to have due diligence reviews conducted in respect of any new partners, institutions or suppliers, including major suppliers. Recognising that smaller contractors might have difficulty in securing lines of credit, Council will investigate mechanisms to assist these contractors without placing the Council at risk. One such method will be the direct payment to suppliers of the contractors via cession documents. Such payments being limited to the amounts, which the emerging contractors owe the suppliers.

An important factor considered by investors in relocating to an area is the ability of the authorities to demonstrate financial discipline, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports. It is intended that the business plan of the finance department will address these factors. In order for the finance department to deliver on these strategies, it is Council's intention to clearly define accounting policies and recruit the best finance people for that department. To this end, Council will define recruitment policy for finance staff, put in place a pre- and continuing education policy and develop career progression paths for designated finance staff. Like the IDP the financial action plan will be subject to a regular review and comparison of actual performance to predetermined performance measures.

2.1.3. Financial Resources

For the purposes of this plan, Council has considered financial resources for both capital projects and operational purposes. The various resources available to Council are summarised below.

Capital expenditure:

- External borrowings
- Grant funding from both National and Provincial government
- International funding
- Twin city funding
- Ring fenced statutory funds – housing
- Capital market
- Public/ private partnerships
- Disposal of un-utilised assets

Operational expenditure:

- Normal revenue streams
- Short term borrowings:

2.1.4. Revenue raising

The Endumeni Municipality's significant sources of revenue are: rates, electricity, refuse and grants. The contribution of the various streams to revenue will be subject to review.

Whilst the issue of tariffs forms part of this financial plan, it is anticipated that the affected departments will be responsible for investigatory work.

2.1.5. Asset management

It is important to maintain a regular inventory of property, plant and equipment, implementation of a maintenance programme review and insurance cover. This part of the plan will be extended to assist in identifying and listing unutilised/ uneconomic assets with a view to disposal as previously indicated. Although directly related to revenue raising it is appropriate to include the monitoring of rental income and policies with the asset management programme. This aspect of asset management will ensure that Council is receiving economic rentals from Council owned land and buildings which are rented out.

Housing is a specialised field and will be considered separately from this financial plan.

2.1.6. Financial management

The Endumeni Municipality has a strong finance department and has established an external audit committee responsible for monitoring financial and other controls. In addition, Council is committed to sound financial management and the maintenance of a healthy economic base. Although the statutory requirement for the contribution to statutory funds will disappear with the possible repealing of the KwaZulu Natal and Local Authorities Ordinance No 25 of 1974, Council will put in place policies, which will maintain sufficient contributions to similar funds established in terms of GAMAP. Financial management policies and procedures for the entire municipality will be implemented.

In addition, financial management systems and procedures will be reviewed to incorporate the following:

- Budgeting methods
- Cash forecasts and cash flow monitoring against forecasts
- Credit policies with emphasis on minimum debtors
- Credit risk management
- Investment policies
- Management reporting
- Supply chain policies
- Stock levels for consumer stores
- Supplier payment periods
- Supplier selection and monitoring procedures

Municipal staff will be encouraged to adhere to value for money principles in carrying out their functions. To assist finance staff achieve efficiencies in their daily tasks a performance review incorporating time and motion studies will be conducted on all functions. It is expected that this review will promote efficiencies in the finance department. Council has adopted a zero tolerance approach in respect of both internal and external audit reports and measures will be implemented to ensure that any material or fundamental issues are addressed immediately. It is expected that the internal audit function will raise any material or fundamental issues before external audit. Other issues arising will be prioritised and addressed accordingly.

Council recognises the need to maintain a positive cash flow at all times and will be investigating various avenues to improve cash flow. Strong positive cash flow will result in additional revenue in the form of interest earned.

2.1.7. Capital financing

When determining appropriate sources of funding it is important to assess the nature of projects, expected revenue streams and time frames for repayment. As a general guide, the following principles will apply:

- Statutory funds for fund specific projects (e.g. housing)
- National and provincial government funding for medium term and long term projects
- International funding for medium and long term projects
- External borrowings for long term revenue generating and strategic projects

2.1.8. Operational financing

Council's policy is to fund operating expenses from normal revenue streams with short term funding being used as a last resort. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short-term borrowings.

It is Council's intention to maintain a strong economic base by bringing in good working capital management including the setting aside of adequate provisions for working capital. It is anticipated that these reserves will be based on the same principles as currently apply to existing statutory funds in that the respective reserves will be cash backed.

2.1.9. Cost effectiveness

In any organisation it is necessary to strive for cost effectiveness. It is Council's intention to develop outsourcing policies and review all non-core services with a view to outsourcing or alternate service delivery. The effectiveness of departments and services provided by the departments will be subject to value for money reviews. It is expected that these reviews will achieve cost savings. The concept of shared service centres is being investigated with the objectives of seeking to obtaining savings where services could be provided to a number of municipalities and possibly entities in the private sector.

DETAILED FINANCIAL ACTION PLAN

1. The financial action plan identifies the most feasible strategies to increase efficiency and cost effectiveness within the Municipality.
2. The financial action plan incorporates strategies covering a period of 5 years
3. The implementation of the financial action plan requires a team effort. A team approach requires the involvement of the Council, Municipal Manager, Chief Financial Officer and all Heads of Departments in implementing these strategies.
4. It is crucial that individuals to whom the responsibilities have been allocated according to the action plan be held accountable for the outcome of these actions.
5. The progress made towards achieving these strategies should be measurable and it is essential that these strategies be included in the performance appraisals of individuals.

Financial Issues – Endumeni Local Municipality

The key financial issues affecting the Endumeni Local Municipality are listed below.

1. The introductions of Regional Electricity Distributor s (REDS) and the transfer of the electricity function to the RED will result in a possible loss of income
2. Due to transfer of the above function and the subsequent loss of a major portion of the revenue the municipality has to ring-fence it's electricity function operationally and financially in preparation for the RED.
- 3.
4. The total debt and the current debt are increasing per annum.
5. The expenditure on salaries and wages has increased to 35% of the budget and will need to be reduced further considering the industry norm is approximately 30%

FINANCIAL STRATEGIES AND ACTIONPLAN – 2008/2013

AL STRATEGIES	COSTS	REVENUE	REQUIRED		2007/08	2008/09	2009/10	2010/11	2011/12
Capital financing strategy	Reduce capital charges on external loans		• Reduce funding of projects from internal funds e.g. CDF • Identify, establish, maintain and update database of all grant funders • Approach prospective funders with IDP and Financial plan for funding	CFO	2%	2%	2%	2%	2%
Asset management strategy	Reduce rental stock		• Determine market value of houses • Dispose of rental housing stock • Develop an asset management policy	CFO	50%				
Financial management	Improve financial management	Improve financial management	• Review the policy on the use of telephones • Monitor and control the use of electricity by residents living in hostels • Install meters to monitor the use of electricity by hostel	CFO	6%	4%	6%	6%	6%

AL STRATEGIES	COSTS	REVENUE	REQUIRED	2007/08	2008/09	2009/10	2010/11	2011/12
			residents • Review all financial policies and procedures as per MFMA and document flow • Determine operational costs of new capital projects • Implement new PABX system					
Rates & Tariffs		Restructure rating and service charges	CFO • Develop rating and service charges that are affordable to all households • Review existing rating and service charges of industries and farms • Benchmark tariffs with other municipalities • Establish Land Use Management System (LUMS) and conduct a land audit • Implement new valuation roll	4%	5%	5%	6%	5%
Credit control & debt collection		Improve debt collection and collect arrear debt	CFO • Conduct a debt awareness campaign with councillors, staff	20%	15%	5%	5%	5%

AL STRATEGIES	COSTS	REVENUE	REQUIRED		2007/08	2008/09	2009/10	2010/11	2011/12
			and community						
			Attempt to collect the outstanding debt						
Cost Effectiveness	Conduct a cost benefit analysis of functions		- Conduct cost benefit analysis of all services - Freeze all non essential posts - Reduce the Expenditure on Salaries from 35% of budget to 30% which is the industry norm - Consolidate rates & services accounts - Establish convenient pay points for electricity - Establish a shared service centre with other municipalities for billing - Approach Province for funding for upgrading of financial system - Establish a consumer help desk - Expand budget detailed line items	CFO	2%	2%	1%	1%	1%

CAPITAL AND INVESTMENT PROGRAMMES

The capital and investment programmes are set on page ____ of the main IDP document.

MULTIYEAR BUDGET (Financial Projections)

Financial projections have been developed using a financial model developed for the Endumeni Municipality. A summary of the financial modeling process and assumptions produced by management are set out below:

Financial Projections

- The financial projections are based on a financial model developed for the Endumeni Municipality
- The model is used to assess the financial feasibility of those capital projects outlined in the IDP
- The financial model is dependant on the 2007/08 operating budget which has been used as the base year,
- The critical financial inputs are existing loans, new loans, sources of funding, costs and terms of borrowing
- The critical outputs as illustrated in (figure 1a) are:
 - Three scenarios
 - a) The Status quo
 - b) Option 1: Project operating costs and cost of new loans
 - c) Option 2: Implementation of the financial strategies for a period of 5 years

- Each scenario includes:
 - a) A five year projection of the operating and capital budget reflecting the projected revenue increases
- Future capital charges on new and existing capital projects
- Financial resources required for capital projects

Assumptions

The following assumptions were made when developing the model based on information provided by the Chief Financial Officer

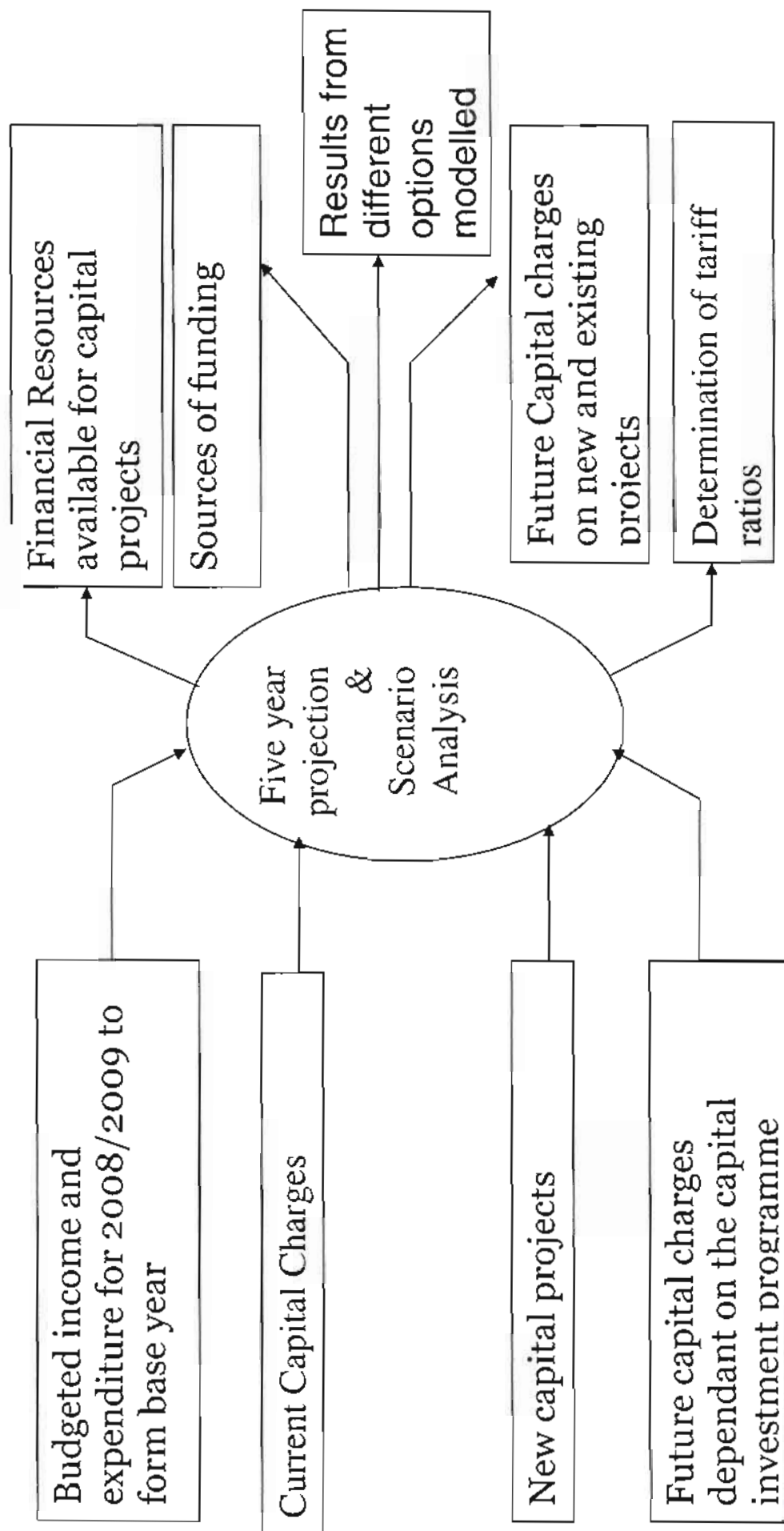
- Inflation is for the period 2007/08 to 2012/2013 is based on the Financial Sectors forecasts
- Revenue amounts included assume a 80% collection rate
- Internal interest rate is 10% for CDF, 12% for PIF and external interest rate depends on various institutions
- The figures reflected in the financial model include inflationary increases.
- The average increase in income for the next 5 years are based on the following assumptions:
- Status Quo
 - a) Equitable share – 7%
 - b) Rates – 5%
 - c) Electricity – 5%
 - d) Refuse – 7%
 - e) Traffic fines – 1%
 - f) Testing grounds – 1%
 - g) Other – 3%
- In option 1:
 - a) Equitable share – 7%
 - b) Rates – 5%
 - c) Electricity – 5%
 - d) Refuse – 5%
 - e) Traffic fines – 1%
 - f) Testing grounds – 1%
 - g) Other – 3%

- h) The future impact of the IDP on the operating budget is reflected.
- i) As a result of the substantial capital requirements required to implement the IDP projects external borrowing of loans is not affordable considering the projected deficit in option 1.
- j) The implementation of the IDP creates a need for funds for operational expenditure the future impact of which has been considered.
- In option 2:
 - a) The positive impact of implementing the financial strategies is reflected in option 2.
 - b) The projected surplus as a result of implementing the strategies may be used to raise external loans to deliver some of the projects in the IDP.
 - c) The implementation of the financial strategies will have the following effect on the financial position of the municipality:
 - Restructuring of the rates base will increase income by 24% over the next 5 years
 - Outstanding debt will be reduced by 50% over the next 5 years
 - The salaries budget will be reduced by a further 5% over the next 5 years
 - Improved financial management will result in reduced expenditure of 4% per annum over the next 5 years.
 - Capital charges will be reduced at 2% per annum
 - Housing stock will be sold off over the next 1 year.
 - Interest income is calculated on collection of outstanding debt annually
- The Municipality will have to source grant funding for the remainder of the projects listed in the IDP as a result of shortage of funds

Principles of Financial

Model

(Figure 1a)



Chapter 9

Financial Plan

Budget Projections - Status Quo						
Budget	2007/08	2008/09	2009/10	2010/2011	2011/12	2012/13
Expenditure						
Salaries & wages	39,410,615	41,551,929	43,681,871	45,727,891	47,698,422	49,668,952
General Expenditure	35,702,647	35,619,572	36,897,938	38,998,491	41,140,650	42,568,756
Repairs and maintenance	2,890,760	2,991,345	3,022,275	3,104,270	3,219,900	3,335,530
Capital charges	8,478,572	8,732,910	8,907,560	9,146,099	9,400,456	9,654,813
Contribution to provisions	5,751,231	5,954,673	6,201,036	6,404,707	6,634,757	6,863,249
Capital employed	4,707,955	4,359,180	5,190,555	7,251,011	7,392,249	7,580,568
Contra debits	8,941,891	9,852,239	10,072,740	8,941,891	8,941,891	8,941,891
Contra credits	-10,164,993	-11,053,381	-11,344,425	-10,164,993	-10,164,993	-10,164,993
Total expenditure	95,718,678	98,008,467	102,629,550	109,409,366	114,263,331	118,448,766
Income						
Equitable share	9,632,000	10,946,000	12,362,000	12,349,030	12,806,505	13,191,785
Grants & subsidies	5,874,600	3,427,600	2,554,660	6,153,616	6,432,632	6,667,616
Assessment rates	33,496,725	34,992,575	36,737,430	38,110,504	40,120,308	41,711,245
Electricity	32,155,323	33,668,560	35,529,570	36,969,087	38,653,356	40,261,123
Refuse removal	4,741,000	5,020,860	5,317,520	5,518,087	5,766,417	5,956,057
Cemeteries	213,050	215,650	218,300	220,791	223,377	225,964
Licencing	640,000	649,000	658,000	666,383	675,137	683,890
Traffic fines	1,768,000	1,749,000	1,760,000	1,770,894	1,781,944	1,792,994
Testing grounds	1,389,160	1,409,260	1,429,005	1,447,362	1,466,557	1,485,751
Rentals	1,155,855	1,149,865	1,135,685	1,146,961	1,158,519	1,170,078
Other	4,658,885	4,786,935	4,932,241	5,058,015	5,195,268	5,332,521
Total Income	95,724,598	98,015,305	102,634,411	109,410,730	114,280,019	118,479,022
Surplus/(Deficit)	5,920	6,838	4,861	1,364	16,688	30,256

Chapter 9

Financial Plan

The table above reflects the current financial situation of the municipality excluding the impact of the IDP.

- Inflationary increases have been considered in projecting the future years expenditure.
- The budget reflects an increasing surplus over the 5 years.

Budget Projections - Scenario 1						
Budget	2007/08	2008/09	2009/10	2010/2011	2011/12	2012/13
	R	R	R	R	R	R
Expenditure						
Salaries & wages	39,410,615	41,551,929	43,681,871	45,727,891	47,698,422	49,668,95
General Expenditure	35,702,647	35,619,572	36,897,938	38,998,491	41,140,650	42,568,75
Repairs and maintenance	2,890,760	2,991,345	3,022,275	3,104,270	3,219,900	3,335,53
Capital charges	8,478,572	8,732,910	8,907,560	9,146,099	9,400,456	9,654,81
Contribution to provisions	5,751,231	5,954,673	6,201,036	6,404,707	6,634,757	6,863,24
Capital employed	4,707,955	4,359,180	5,190,555	7,251,011	7,392,249	7,580,56
Contra debits	8,941,891	9,852,239	10,072,740	8,941,891	8,941,891	8,941,89
Contra credits	-10,164,993	-11,053,381	-11,344,425	-10,164,993	-10,164,993	-10,164,99
Project operating costs	8,780,831	4,765,436	3,634,789	1,441,999	1,448,540	269,36
Total expenditure	104,499,509	102,773,903	106,264,339	110,851,365	115,711,871	118,718,13
Income						
Equitable share	9,632,000	10,946,000	12,362,000	12,349,030	12,806,505	13,191,78
Grants & subsidies	5,874,600	3,427,600	2,554,660	6,153,616	6,432,632	6,667,61
Assessment rates	33,496,725	34,992,575	36,737,430	38,110,504	40,120,308	41,711,24
Electricity	32,155,323	33,668,560	35,529,570	36,969,087	38,653,356	40,261,12
Refuse removal	4,741,000	5,020,860	5,317,520	5,518,087	5,766,417	5,956,05
Cemeteries	213,050	215,650	218,300	220,791	223,377	225,96
Licencing	640,000	649,000	658,000	666,383	675,137	684,000
Traffic fines	1,768,000	1,749,000	1,760,000	1,770,894	1,781,944	1,792,99
Testing grounds	1,389,160	1,409,260	1,429,005	1,447,362	1,466,557	1,485,75
Rentals	1,155,855	1,149,865	1,135,685	1,146,961	1,158,519	1,170,07
Other	4,658,885	4,786,935	4,932,241	5,058,015	5,195,268	5,332,52
Total Income	95,724,598	98,015,305	102,634,411	109,410,730	114,280,019	118,479,02
Projected Revenue Requirements	-8,774,911	-4,758,598	-3,629,928	-1,440,635	-1,431,852	-239,11
Tariff Ratio	9.17%	4.85%	3.54%	1.32%	1.25%	0.20

Chapter 9**Financial Plan**

If it is assumed Endumeni Municipality implemented the projects in the IDP, the impact of the operating cost of the projects on the budget over 5 years will be deficits in the following years.

- The required tariff ratio increase to fund the deficits is between 0.2% and 9% between 2007/08 and 2012/13.
- It is clear from the above analysis that the municipality cannot afford to implement all the projects in the IDP.
- It is important council reprioritise the projects listed in the IDP and concentrate on delivering a few key projects in the short term and endeavour to obtain grant funding for the remainder of the projects.



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Grants received
from Province

